ANNUAL REPORT 2023

AS TALLINK GRUPP

TALLINK

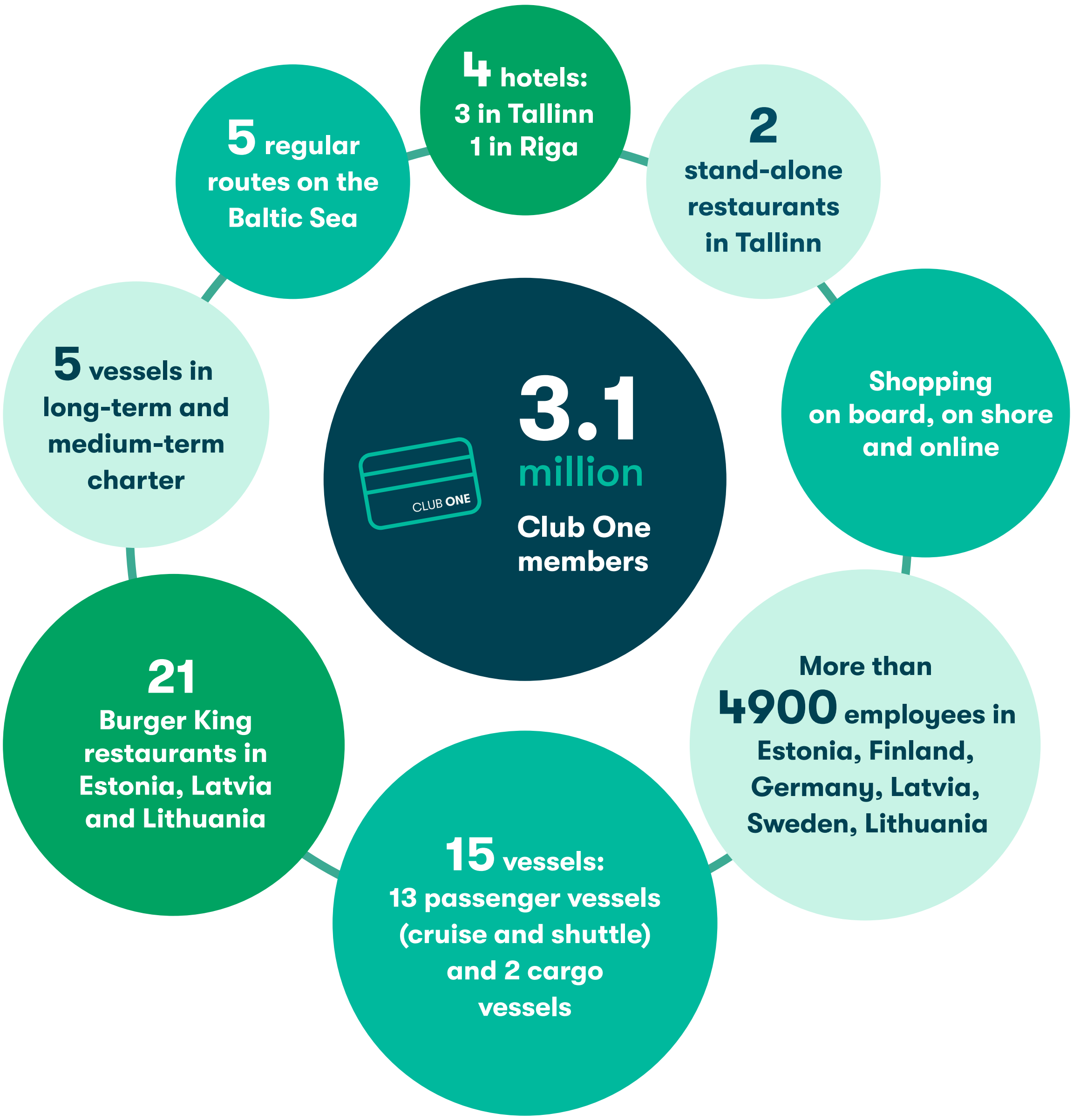
Beginning of the financial year	**1 January 2023**
End of the financial year	**31 December 2023**

CONTENTS

THE GROUP

AS Tallink Grupp ("the Company") with its subsidiaries ("the Group") is the leading European ferry operator, which has been offering high quality mini-cruise, passenger transport and ro-ro cargo services in the northern part of the Baltic Sea for over 30 years. The Group's business model entails providing its services on routes between Estonia, Finland and Sweden under the brand names of "Tallink" and "Silja Line".

As at 31 December 2023, the Group had a fleet of 15 vessels that include cruise ferries, high-speed ro-pax ferries and ro-ro cargo vessels. In addition, the Group operates three quality hotels in Tallinn city centre and one in Riga, and, as the Burger King franchise owner in the Baltics, 21 restaurants of the fast food chain in Estonia, Latvia and Lithuania. The Group runs a successful international travel retail business with a number of shops on board and on shore, and a growing e-commerce presence in the Group's home markets.



STRATEGY

The Group's vision is to be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services.

The Group's long-term strategy is to:
- Strive for the highest level of customer satisfaction
- Improve profitability and strengthen the leading position in our home markets
- Develop a wide range of quality services for different customers and pursue new growth opportunities
- Based on the demand on the core routes, manage optimal capacity by operating or chartering out vessels
- Ensure cost efficient operations
- Maintain an optimal debt level that allows paying sustainable dividends

A modern fleet, a wide route network, a strong market share and brand awareness together with high safety, security and environmental standards are the main competitive advantages for the Group. These are the cornerstones for successful and profitable operations.

MOST MODERN FLEET	STRONG MARKET SHARE & BRAND AWARENESS	WIDE ROUTE NETWORK	HIGH SAFETY LEVEL & ENVIRONMENTAL STANDARDS

LETTER TO SHAREHOLDERS

Dear investors and business partners

After several years of writing this message to you with mainly challenges and turbulence and uncertainties to report in addition to a constant struggle to keep our company's nose above water, I am pleased to be able to write this year's message with a slightly more positive tone.

As a result of almost a herculean effort, dedication, perseverance, commitment and many sacrifices, Tallink Grupp has achieved the near-impossible in 2023 and has risen like a phoenix from the ashes of the last four years of crises and challenges. To get to a point of reporting significant profits from nearly all operations being suspended for long periods almost four years ago today, has required the management and all employees of Tallink Grupp to put everything we have into the game – creativity, flexibility, speed, knowledge, experience, courage, determination and so much more.

The positive results we are reporting for 2023 speak volumes about the people who work in our company, our business partners, our suppliers, our customers, our investors and everyone who has had and continues to have faith in us.

The crisis years have forced us to re-think and re-evaluate our strategies and operations more than once. Things that once seemed like temporary solutions and business opportunities have now developed into fully-fledged new strategic business areas and are an important part of our company's plans for the foreseeable and possibly also long-term future, helping us reduce risks for our core business.

For example, the chartering out of company vessels, which has been part of our activities and operations for a long time, but not to the extent of the last four years, is now firmly a part of our strategy for the years ahead. Keeping the most optimum number of our vessels in regular traffic on our core and most profitable routes and chartering out other vessels in the medium to long term has enabled us to turn our results around in the last few years and will be part of our business strategy for the years ahead. Tallink Grupp's vessels are highly sought after across the globe for a wide range of projects, and we have proven, in recent years in particular, that both our vessels and crews are able to meet the demands of any global project that we have the opportunity to support.

Closer to home, our focus must be and will continue to be on developing our products and services to ensure we meet the changing customer needs, the demands of the fast-changing world around us and regulatory requirements. To secure our place in the future 20 to 30 years from now, we must put even more emphasis on innovation and investment in sustainable development today. With regulations on the one hand and ambitious goals for tackling climate change on the other, we must pick up pace and get ahead in this race for a carbon-neutral future, responsible value chains and zero waste.

There is no denying that achieving all the goals set for a sustainable future is extremely challenging, especially for sectors like transport where solutions are still few and far between, but we are focusing our efforts on ever stronger cooperation with research institutions, tech start-ups, industry peers, other industries and many others to find more and better solutions to benefit us all. And find them urgently. The targets that have been set cannot be achieved if everyone works in isolation. Fighting climate change should no longer be about competition, but all about collaboration.

In summary, we look back on 2023 with gratitude for our colleagues' dedication and passion for our recovery, our investors' and partners' continued faith in and support for us, and our customers' loyalty towards us. On behalf of everyone at Tallink Grupp, I can promise you that we will continue working with the same passion and determination in 2024 and the years to come to deserve your trust and loyalty also in the future. Our ambition is still to be the best place to work for our people, the first choice for our customers, and the most innovative and sustainable service provider on and around the Baltic Sea. With your continued faith and trust, I know we can be all that.

Yours sincerely

Paavo Nõgene

Chairman of the Management Board

MANAGEMENT REPORT

In the financial year 2023 (1 January – 31 December), AS Tallink Grupp and its subsidiaries (the Group) carried 5.7 million passengers, which is 4.5% more than in the financial year 2022. The number of cargo units transported decreased by 20.9% compared to the previous financial year, while the number of passenger cars transported exhibited a positive year-on-year growth of 2.6%.

The Group's audited consolidated revenue amounted to EUR 835.3 million (EUR 771.4 million in the financial year 2022), up by 8.3% year-on-year. Revenue from route operations (core business) increased by EUR 16.9 million to EUR 645.8 million compared to the financial year 2022. Audited EBITDA was EUR 214.5 million (EUR 135.8 million in the financial year 2022) and the unaudited net profit for the period was EUR 78.9 million (EUR 13.9 million in the financial year 2022), up 58.0% and 466.0%, respectively.

The following operational factors impacted the Group's revenue and operating results in 2023:

- Cargo and passenger transportation volumes were impacted by fewer vessels in operation due to chartering and by fewer trips compared to the previous year.
- Demand was also affected by low consumer and business confidence levels, and the weak economic environment in all of the Group's core markets as well as global geopolitical instability.
- At the end of the financial year, the Group operated 15 vessels, including 2 shuttle vessels, 2 cargo vessels and 5 operating cruise ferries, as well as 5 vessels chartered out (3 vessels on long-term and 2 vessels on short-term charter) and 1 vessel in lay-up.
- During the financial year, 2 charter agreements ended. The charter agreement of the cruise vessel Romantika was terminated in September 2023 prior to its expiry date. The short-term charter agreement of the cruise ferry Victoria I expired in July 2023. In addition, the Group extended the charter agreements of the cruise vessels Galaxy I and Silja Europa until April 2024 and the end of 2024, respectively. The shuttle vessel Oscar Wilde (formerly Star) was chartered out in May 2023 for 20 months with an option to extend the charter period by 2+2 years and included a purchase option.
- The planned maintenance works of the vessels totalled to 61 days.
- The Group operated 3 hotels in Tallinn and 1 in Riga.
- Declining global fuel prices, an optimal fleet size and strict cost control had a positive impact on the Group's cost base. However, while the fuel prices have dropped, the fuel transportation cost component has increased due to the change in the country of origin of the fuel.
- The Group repaid loans in the amount of EUR 487.6 million, which includes the refinancing of loans of EUR 298 million. The net repayment of interest-bearing loans was EUR 189.6 million.
- The Group's net debt to EBITDA ratio was 2.8 as at the end of the financial year 2023, compared to 5.4 as at the end of the financial year 2022.
- The Group continues to focus on cost efficiencies from previously implemented measures and maintaining profitable operations on its core routes.
- The Group regularly monitors the developments on its core routes, including the capacity of each route, and continues to seek new chartering options for vessels not used on the main routes, as well as working to extend the existing charter agreements.

Net debt to EBITDA ratio
2.8
as at the end of 2023

Key Figures

For the year ended 31 December	2023	2022	2021
Revenue (EUR million)	835.3	771.4	476.9
Gross profit/loss (EUR million)	203.8	113.5	21.7
EBITDA[1] (EUR million)	214.5	135.8	58.3
EBIT[1] (EUR million)	113.3	37.7	-37.0
Net profit/loss for the period (EUR million)	78.9	13.9	-56.6
Depreciation and amortisation[1] (EUR million)	101.2	98.1	95.3
Capital expenditures[1] [2](EUR million)	28.2	203.3	20.2
Weighted average number of ordinary shares outstanding	743 569 064	743 569 064	694 444 381
Earnings/loss per share[1] (EUR)	0.11	0.02	-0.08
Number of passengers[1]	5 705 600	5 462 085	2 961 975
Number of cargo units[1]	323 990	409 769	369 170
Average number of employees[1]	4 879	5 023	4 360

As at 31 December	2023	2022	2021
Total assets (EUR million)	1 555.2	1 691.6	1 585.9
Total liabilities (EUR million)	769.5	984.7	893.4
Interest-bearing liabilities[1] (EUR million)	649.3	853.5	779.9
Net debt[1] (EUR million)	607.3	738.6	652.4
Net debt to EBITDA[1]	2.8	5.4	11.2
Total equity (EUR million)	785.8	706.9	692.5
Equity ratio[1] (%)	50.5%	41.8%	43.7%
Number of ordinary shares outstanding	743 569 064	743 569 064	743 569 064
Shareholders' equity per share (EUR)	1.06	0.95	0.93

Ratios[1]	2023	2022	2021
Gross margin (%)	24.4%	14.7%	4.5%
EBITDA margin (%)	25.7%	17.6%	12.2%
EBIT margin (%)	13.6%	4.9%	-7.8%
Net profit/loss margin (%)	9.4%	1.8%	-11.9%
ROA (%)	7.0%	2.4%	-2.4%
ROE (%)	10.6%	2.1%	-8.2%
ROCE (%)	8.4%	3.1%	-2.8%
Current ratio	0.5	0.7	0.6

[1] Alternative performance measures based on ESMA guidelines are disclosed in the Alternative Performance Measures section of the report.
[2] Does not include additions to right-of-use assets.

Sales and Segments

In the financial year 2023, the Group's total revenue increased by EUR 63.9 million to EUR 835.3 million compared to EUR 771.4 million in the financial year 2022.

The Group's revenue for 2023

EUR **835.3** million

Revenue from route operations (core business) amounted to EUR 645.8 million, EUR 16.9 million more than in the financial year 2022. The segment result from route operations (core business) amounted to EUR 107.2 million compared to EUR 39.7 million in the financial year 2022.

In the financial year 2023, the Group's vessels carried a total of 3.5 million passengers on the **Estonia-Finland** route, an increase of 10.8% year-on-year. The number of cargo units transported decreased by 20.4%. Revenue from the Estonia-Finland route increased by EUR 20.2 million to EUR 298.0 million and the segment result improved by EUR 27.3 million to EUR 79.0 million. In the financial year 2023, the segment reflects the operations of the following vessels:

- 1 January – 1 May 2023: the shuttle vessels MyStar, Megastar and Oscar Wilde (formerly Star). The latter stopped operating on the route in May 2023 due to a charter agreement.
- 2 May – 11 October 2023: the shuttle vessels MyStar and Megastar.
- 12 October – 31 December 2023: the shuttle vessels MyStar and Megastar and the cruise ferry Victoria I, which was added to the route in October 2023.

The cruise ferry Silja Europa stopped operating on the Estonia-Finland route in August 2022 due to a charter agreement.

In the financial year 2023, the Group carried a total of 1.7 million passengers on **Finland-Sweden** routes, down by 9.9% year-on-year. The number of cargo units transported decreased by 41.6%. The routes' revenue decreased by EUR 17.2 million to EUR 257.1 million while the segment result improved by EUR 24.7 million year-on-year to EUR 23.8 million. The decline in passenger numbers and cargo volumes was mainly due to one less vessel in operation, 26% fewer trips compared to the financial year 2022 and the change of route to Turku-Kapellskär. In the financial year 2023, the segment reflects the operations of one cruise ferry on Turku-Stockholm/Turku-Kapellskär routes and two cruise ferries on the Helsinki-Stockholm route. The cruise ferry Galaxy I stopped operating on the Turku-Stockholm route from September 2022 due to a charter agreement.

On **Estonia-Sweden** routes the number of passengers carried increased by 19.0% to 0.6 million in the financial year 2023. The number of cargo units transported increased by 3.0% year-on-year. Revenue of Estonia-Sweden routes increased by EUR 13.9 million to EUR 90.8 million and the segment result improved by EUR 15.5 million to EUR 4.5 million year-on-year. Estonia-Sweden routes reflect the operation of two cargo vessels on the Paldiski-Kapellskär route and one cruise ferry on the Tallinn-Stockholm route.

Revenue from the segment **Other** increased by a total of EUR 48.6 million to EUR 196.0 million due to increase in the number of chartered vessels. The segment result improved by EUR 19.5 million year-on-year to EUR 54.5 million. At the end of the financial year 2023, the Group had 5 vessels on charter, of which 3 were on long-term and 2 on short-term charter.

At the end of the 2023 financial year, long-term charters were as follows:

- The vessel Atlantic Vision was chartered to Canada in November 2008. The current agreement runs until May 2024 with an option to extend for another 12 months.
- The shuttle vessel Oscar Wilde (formerly Star) was chartered out from 5 May 2023 for 20 months with an option to extend the charter by 2+2 years and an option to purchase the vessel.
- The cruise ferry Isabelle has been chartered out on a long-term basis since 1 July 2023 with a purchase option.

At the end of the 2023 financial year, short-term charters were as follows:

- The cruise ferry Galaxy I was chartered out in September 2022. In September 2023, the agreement was extended by six months until April 2024.
- The cruise ferry Silja Europa was chartered out in August 2022. In October 2023, the charter agreement was extended until the end of 2024.

During the year, the charter agreements of 2 vessels ended. The charter agreement for the cruise ferry Romantika, signed in March 2022, was terminated on 1 September 2023. The cruise ferry Victoria I, the charter of which expired in July, started operating on the Tallinn-Helsinki route on 12 October 2023.

Restaurant and shop sales on board and on shore totalled EUR 391.0 million (EUR 378.2 million in 2022) accounting for almost half of total revenue. Ticket sales amounted to EUR 217.5 million (EUR 191.9 million in 2022) and sales of cargo transport to EUR 91.0 million (EUR 103.2 million in 2022). Revenue from the chartering of vessels amounted to EUR 101.2 million compared to EUR 65.8 million in the financial year 2022.

The following tables provide an overview of the breakdown of revenue from operations between the Group's geographical and operating segments:

Geographical segments	**2023**	**%**	**2022**	**%**
Finland-Sweden	257 080	30.8%	274 314	35.6%
Estonia-Finland	297 977	35.7%	277 806	36.0%
Estonia-Sweden	90 756	10.9%	76 835	10.0%
Other	195 998	23.5%	147 429	19.1%
Intercompany eliminations	-6 485	-0.8%	-4 997	-0.6%
Total revenue of the Group	835 325	100.0%	771 387	100.0%

Operating segments	**2023**	**%**	**2022**	**%**
Restaurant and shop sales on-board and on mainland	390 998	46.8%	378 163	49.0%
Ticket sales	217 502	26.0%	191 920	24.9%
Sales of cargo transportation	91 007	10.9%	103 183	13.4%
Sales of accommodation	15 009	1.8%	11 325	1.5%
Income from charter of vessels	101 179	12.1%	65 808	8.5%
Other	19 630	2.4%	20 988	2.7%
Total revenue of the Group	835 325	100.0%	771 387	100.0%

Earnings

In the financial year 2023, the Group's gross profit increased by EUR 90.4 million to EUR 203.8 million compared to EUR 113.5 million in the financial year 2022. EBITDA improved by EUR 78.7 million to EUR 214.5 million.

The Group's EBITDA for 2023

EUR **214.5** million

The Group's profitability was mainly influenced by the following factors:

- strong pricing and chartering strategy;
- continued strong focus on cost efficiency through previously implemented measures;
- lower global fuel prices and lower consumption due to chartering of vessels.

The Group's audited net profit for the financial year 2023 was EUR 78.9 million or EUR 0.106 per share compared to a net profit of EUR 13.9 million or EUR 0.019 per share in 2022 financial year.

The cost of goods sold at shops and restaurants amounted to EUR 170.6 million (EUR 160.6 million in 2022).

Fuel costs for the financial year 2023 amounted to EUR 97.2 million (EUR 144.1 million in 2022). The decline in fuel cost was driven by an approximately 23% drop in global fuel prices, but also by lower consumption and more vessels on charter compared to the previous financial year. At the same time, the share of the Group's fuel transport cost component in the fuel price increased year-on-year due to the increased distance of the fuel sourcing.

The Group's total personnel expenses amounted to EUR 181.0 million (EUR 162.9 million in 2022). Personnel expenses related to administrative staff and sales and marketing staff were EUR 27.8 million and EUR 21.5 million, respectively (EUR 23.3 million and EUR 19.6 million, respectively, in 2022). The personnel expenses related to servicing and technical personnel amounted to EUR 131.7 million compared to EUR 120.0 million in 2022. The average number of employees in the financial year 2023 was 4 879 (5 023 in 2022).

Marketing and administrative expenses for the financial year 2023 amounted to EUR 83.0 million (EUR 74.3 million in 2022). Excluding personnel, administrative expenses for the period amounted to EUR 15.1 million and sales and marketing expenses to EUR 18.7 million (EUR 14.1 million and EUR 17.3 million, respectively, in 2022).

The increase in the amortisation and depreciation expense by EUR 3.1 million to EUR 101.2 million compared to the financial year 2022 was mostly driven by the delivery of the shuttle-vessel MyStar to the Tallinn-Helsinki route in December 2022. There were no impairment losses related to the Group's property, plant and equipment and intangible assets.

As a result of higher interest rates and increased financing obligations related to the delivery of the shuttle-vessel MyStar, net finance costs increased by EUR 10.9 million year-on-year to EUR 35.5 million in the financial year 2023.

The Group's exposure to credit risk, liquidity risk and market risks, and its financial risk management activities are described in the notes to the consolidated financial statements.

Liquidity and Cash Flow

The Group's net operating cash flow for the financial year 2023 was positive at EUR 203.4 million (EUR 144.3 million in 2022).

Net cash used in investing activities was EUR 26.2 million (EUR 200.3 million in 2022).

In the financial year 2023, the net repayment of interest-bearing loans amounted to EUR 189.6 million. Interest payments were EUR 32.8 million (EUR 23.5 million in 2022).

Total liquidity as at 31 December 2023

EUR 116.9 million

At 31 December 2023, the Group's cash and cash equivalents totalled EUR 41.9 million (EUR 114.9 million on 31 December 2022). In addition, available unused overdraft credit lines amounted to EUR 75.0 million (EUR 135.0 million in 2022). The total liquidity buffer (cash, cash equivalents and unused credit facilities) amounted to EUR 116.9 million on 31 December 2023 (EUR 249.9 million on 31 December 2022).

In management's opinion, the Group has sufficient liquidity to support its operations. Activities to ensure the sustainability of operations and liquidity are described in more detail in Note 24.

Financing Sources

The Group finances its operations and investments with operating cash flow, debt and equity financing and potential proceeds from the disposal of assets. At 31 December 2023, the Group's capitalisation ratio (interest-bearing liabilities as a percentage of interest-bearing liabilities and shareholders' equity) was 45.2% compared to 54.7% at 31 December 2022. The decrease results from a EUR 204.3 million decrease in interest-bearing liabilities and a EUR 78.8 million increase in equity.

Loans and Borrowings

At the end of the financial year 2023, interest-bearing liabilities totalled EUR 649.3 million, down by 23.9% compared to EUR 853.5 million at the end of the financial year 2022.

In December 2023, the Group signed a loan agreement in the amount of EUR 298 million to repay the outstanding balances of several loan obligations. The final maturity of the Euribor based floating interest rate loan is five years.

The Group's available credit lines were scaled back from EUR 135 million as at 30 September 2023 to the pre-COVID-19 levels of EUR 75.0 million by the end of the reporting period.

At the reporting date, all interest-bearing liabilities were denominated in euros.

Shareholders' Equity

In the financial year 2023, the Group's consolidated equity increased by 11.2%, from EUR 706.9 million to EUR 785.8 million. Shareholders' equity per share was EUR 1.06. At the end of 2023, the Group's share capital amounted to EUR 349 477 460. For further information about shares, please see the Shares and Shareholders section of this report.

Investments and Vessels

The Group's investments in the financial year 2023 amounted to EUR 28.2 million compared to EUR 203.3 million in 2022 when EUR 176.7 million was invested in the new shuttle vessel MyStar. The total cost of MyStar was EUR 252 million of which EUR 75.3 million was invested in 2021.

The majority of the investments were related to the maintenance and repair of the vessels, which lasted for a total of 61 days during the financial year. Major investments in vessels included the preparation of the cruise ferry Victoria I for cruise operations between Tallinn and Helsinki, technical works and interior modernisation on the cruise ferry Baltic Queen, the re-blading of the propellers of the cruise ferry Baltic Queen to increase the speed of the ferry and make it more energy efficient, and maintenance and repairs of the cruise ferries Silja Serenade, Silja Symphony and Baltic Princess.

During the financial year, the Group opened 3 new Burger King restaurants in Riga and Kaunas. In addition, the hotel in Riga was re-opened in April 2023.

The Group's main revenue-generating assets are vessels, which account for approximately 80% of total assets. As at the end of the financial year the Group owned 15 vessels. At 31 December 2023, the book value of the vessels was EUR 1 238 million (EUR 1 288 million at the end of 2022). The Group's vessels are regularly valued by two to three independent international shipbrokers who are also approved by the mortgagees.

All of the Group's vessels have protection and indemnity insurance (P&I) and hull and machinery insurance (H&M) and meet all applicable safety regulations.

The Group does not have any substantial ongoing research and development projects.

Information about vessels as at the end of the financial year:

Tallinn – Helsinki

Vessel type	High-speed ro-pax
Built/renovated	2017
Route	Estonia–Finland
Other information	Shuttle service

Vessel type	High-speed ro-pax
Built/renovated	2022
Route	Estonia–Finland
Other information	Shuttle service

Vessel type	Cruise ferry
Built/renovated	2004
Route	Estonia–Finland
Other information	Overnight cruise

Tallinn – Stockholm

Vessel type	Cruise ferry
Built/renovated	2009
Route	Estonia–Sweden
Other information	Overnight cruise

Turku – Stockholm

Vessel type	Cruise ferry
Built/renovated	2008
Route	Finland–Sweden
Other information	Overnight cruise

Helsinki – Stockholm

Vessel type	Cruise ferry
Built/renovated	1991
Route	Finland–Sweden
Other information	Overnight cruise

Vessel type	Cruise ferry
Built/renovated	1990
Route	Finland–Sweden
Other information	Overnight cruise

Paldiski – Kapellskär

Vessel type	Ro-ro cargo vessel
Built/renovated	1999
Route	Estonia–Sweden
Other information	Cargo transportation

Vessel type	Ro-ro cargo vessel
Built/renovated	1987
Route	Estonia–Sweden
Other information	Cargo transportation

Chartered long-term

Vessel type	Cruise ferry
Built/renovated	1989
Other information	Chartered out

Vessel type	High-speed ro-pax
Built/renovated	2002
Other information	Chartered out

Vessel type	High-speed ro-pax
Built/renovated	2007
Other information	Chartered out

Chartered short-term

Vessel type	Cruise ferry
Built/renovated	2006
Other information	Chartered out

Vessel type	Cruise ferry
Built/renovated	1993/2016
Other information	Chartered out

In lay-up

Vessel type	Cruise ferry
Built/renovated	2002
Other information	In lay-up

Market Developments

The total number of passengers carried by the Group in 2023 was 5.7 million. The total number of cargo units carried was 324 thousand.

The Group's market shares on routes operated in 2023 were as follows:

- the Group carried approximately 48% of the passengers and 51% of the ro-ro cargo on the route between Tallinn and Helsinki.
- the Group carried approximately 43% of the passengers and 16% of the ro-ro cargo on the routes between Finland and Sweden.
- the Group was the only provider of passenger transportation between Tallinn and Stockholm.

Number of passengers in 2023

5.7

million

The following table provides an overview of passengers, cargo units and passenger vehicles transported in 2023 and 2022 by route:

Passengers	2023	2022	Change
Finland-Sweden	1 674 686	1 859 209	-9.9%
Estonia-Finland	3 456 736	3 120 531	10.8%
Estonia-Sweden	574 178	482 345	19.0%
Total	5 705 600	5 462 085	4.5%

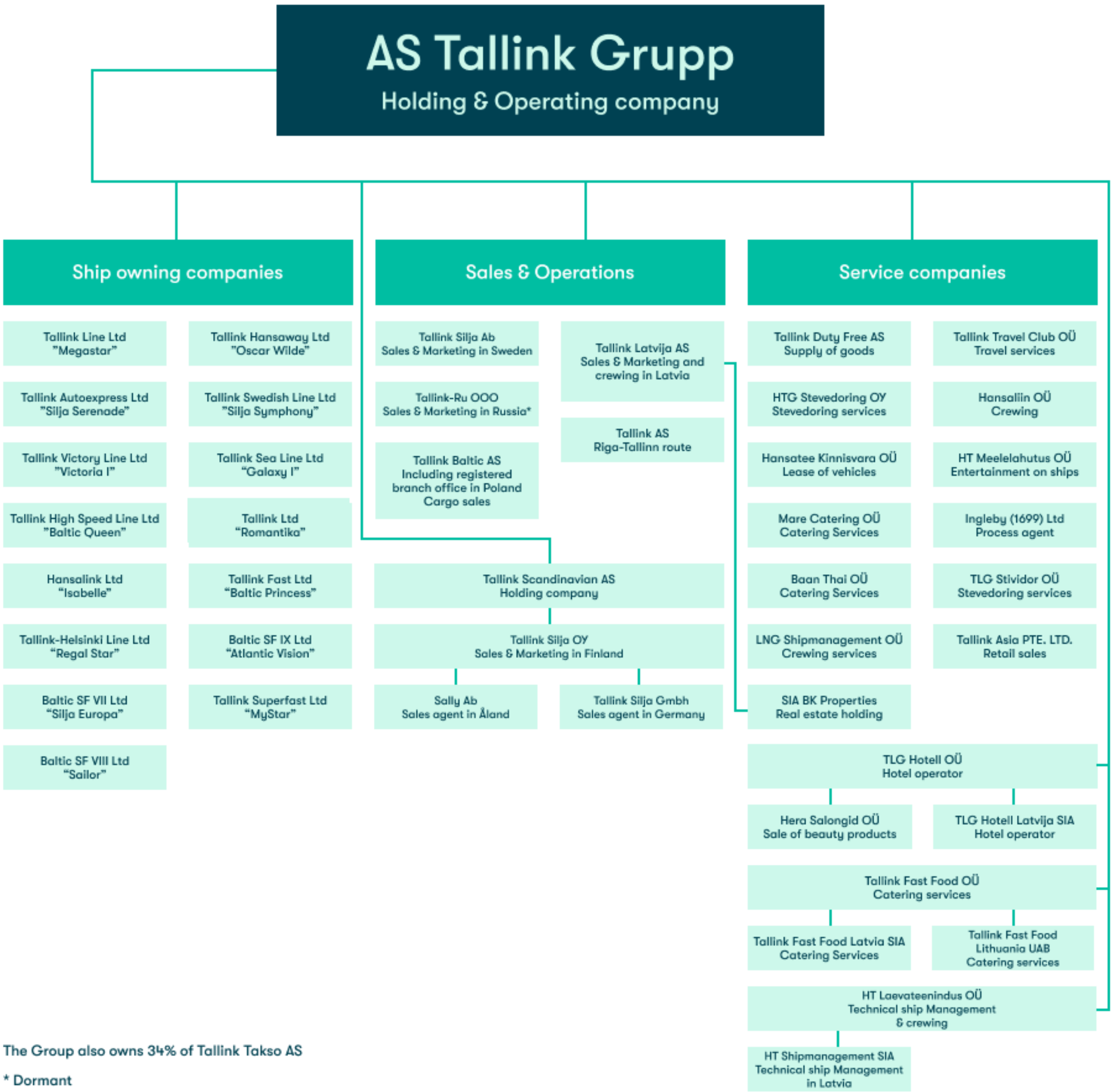
Cargo units	2023	2022	Change
Finland-Sweden	37 281	63 838	-41.6%
Estonia-Finland	236 256	296 950	-20.4%
Estonia-Sweden	50 453	48 981	3.0%
Total	323 990	409 769	-20.9%

Passenger vehicles	2023	2022	Change
Finland-Sweden	83 903	117 308	-28.5%
Estonia-Finland	727 580	670 630	8.5%
Estonia-Sweden	29 398	31 291	-6.0%
Total	840 881	819 229	2.6%

Group Structure

At the reporting date, the Group comprised 46 companies. All subsidiaries are wholly owned by AS Tallink Grupp.

The following diagram represents the Group's structure at the reporting date:



The Group also owns 34% of Tallink Takso AS

* Dormant

Personnel

At 31 December 2023, the Group had 4 912 employees (4 904 at 31 December 2022). At the year-end, the total number of employees included 139 employees on maternity leave.

The table below presents the breakdown of employees at 31 December 2023:

As at 31 December	2023	2022	Change
Onshore total	1 100	1 081	1.8%
Estonia	736	723	1.8%
Finland	245	241	1.7%
Sweden	104	98	6.1%
Latvia	8	13	-38.5%
Germany	6	5	20.0%
Russia[1]	1	1	0.0%
Onboard	3 090	3 150	-1.9%
Burger King[2]	370	380	-2.6%
Hotel[2]	352	293	20.1%
Total	4 912	4 904	0.2%

[1] Dormant

[2] The number of Burger King and hotel personnel is not included in the total number of onshore personnel.

In the financial year 2023, total staff costs amounted to EUR 181.0 million (EUR 162.9 million in 2022), an 11.1% increase compared to the previous financial year. The increase was driven mostly by the new collective agreement signed in February 2023 for the next four years. Subject to the agreement, the wages of the Group's maritime workers in Estonia increased by 13.5% (service personnel) and 16.1% (technical personnel) compared to the minimum wages of the previous collective agreement.

Onshore staff costs related to administrative and sales and marketing personnel were EUR 27.8 million and EUR 21.5 million, respectively (EUR 23.3 million and EUR 19.6 million, respectively, in 2022).

Shares and Shareholders

At 31 December 2023, AS Tallink Grupp had a total of 743 569 064 shares issued and fully paid.

The shares of AS Tallink Grupp (ISIN: EE3100004466) are registered with Nasdaq CSD Estonian branch and traded on the Nasdaq OMX Tallinn Stock Exchange under the ticker symbol TAL1T (REUTERS: TAL1T.TL, BLOOMBERG: TAL1T ET). Starting from 3 December 2018, the shares of AS Tallink Grupp are also registered as Finnish Depository Receipts (FDRs) with Euroclear Finland Ltd and listed on the Nasdaq Helsinki Stock Exchange, where the FDRs are traded under the ticker symbol TALLINK (ISIN: FI4000349378). Each FDR entitles its holder to one share.

All shares are of the same kind and each share carries one vote at the General Meeting of Shareholders. No preference shares or shares with special rights have been issued. According to the articles of association of AS Tallink Grupp, shares can be freely transferred. No authorisation needs to be obtained in order to buy or sell AS Tallink Grupp shares.

AS Tallink Grupp shares have no nominal value and the notional value of each share is EUR 0.47.

On 13 June 2023, the Annual General Meeting of AS Tallink Grupp approved the terms of a share option programme, which gave the Group the right to issue a total of up to 22 307 071 share options for the acquisition of 22 307 071 ordinary shares under the share option programme, which represent a total of up to 3% of AS Tallink Grupp's share capital. On 1 August 2023, the Group issued 7 270 thousand share options of which 3 300 thousand were issued to the members of the Management Board and the Supervisory Board and 3 970 thousand were issued to the key employees of the Group.

According to the resolution of the general meeting of 30 July 2020, the Company was granted the right to acquire its own shares subject to the following conditions:

1) The Company is entitled to acquire its own shares within five years as from the adoption of the resolution.

2) The sum of the book values of the own shares held by the Company shall not exceed 1/10 of share capital.

3) The price payable for one share shall not be higher than the highest price paid on the Nasdaq Tallinn Stock Exchange for the share of AS Tallink Grupp on the day when the share is acquired.

4) Own shares shall be paid for from the assets exceeding share capital, the legal reserve and share premium.

The Management Board of AS Tallink Grupp has not been granted the right to issue new shares. The Supervisory Board was authorised to increase share capital by EUR 35 000 000 to up to EUR 384 477 460.08 within three years from 1 January 2024.

The table below presents the breakdown of share capital by ownership size at 31 December 2023:

Ownership size	Number of shareholders	% of shareholders	Number of shares	% of share capital
1 - 99	6 965	22.8%	218 788	0.0%
100 - 999	11 755	38.5%	4 292 606	0.6%
1 000 - 9 999	10 149	33.2%	25 942 607	3.5%
10 000 - 99 999	1 503	4.9%	35 620 313	4.8%
100 000 - 999 999	157	0.5%	44 035 652	5.9%
1 000 000 - 9 999 999	28	0.1%	89 420 315	12.0%
10 000 000 +	7	0.0%	544 038 783	73.2%
Total	30 564	100.0%	743 569 064	100.0%

The account NORDEA BANK ABP / CLIENTS FDR represented 8 331 FDR-holders at 31 December 2023. The total number of shareholders and FDR-holders was 38 894.

The table below presents the largest shareholders of the Group at 31 December 2023:

Shareholder	Number of shares	% of share capital
Infortar AS	313 600 561	42.2%
Baltic Cruises Holding L.P.	81 971 609	11.0%
Baltic Cruises Investment L.P.	43 831 732	5.9%
ING Luxembourg S.A. AIF Account	37 247 260	5.0%
Other shareholders	266 917 902	35.9%
Total	743 569 064	100.0%

The table below presents the residency of the shareholders of the Group at 31 December 2023:

Residency	Number of shareholders	Number of shares	% of share capital
Estonia	30 127	456 564 014	61.4%
Cayman Islands	6	163 070 552	21.9%
Luxembourg	6	37 784 281	5.1%
Finland	199	27 655 089	3.7%
United States	13	18 475 393	2.5%
Latvia	27	8 228 333	1.1%
Lithuania	11	8 133 460	1.1%
Germany	22	7 127 646	1.0%
Austria	3	6 282 863	0.8%
Sweden	36	3 463 511	0.5%
United Kingdom	19	2 987 926	0.4%
Switzerland	12	2 027 452	0.3%
Denmark	8	1 271 841	0.2%
Other	75	496 703	0.1%
Total	30 564	743 569 064	100.0%

The table below presents the investors of the Group by investor type at 31 December 2023:

Investor type	Number of shareholders	Number of shares	% of share capital
Principal shareholder, Infortar AS	1	313 600 561	42.2%
Institutional investors	1 977	344 468 643	46.3%
Private individuals	28 586	85 499 860	11.5%

Shareholders' Agreement

Major shareholders of the Group entered into a shareholders' agreement in August 2006. The agreement was amended in December 2012. The agreement sets forth among other terms that the parties of the agreement and each shareholder of Tallink will remain independent in their decisions and will not be restricted by the agreement or otherwise, directly or indirectly, to exercise their voting rights or any other powers available to them, in the manner which, in their own opinion, best complies with the obligations under Estonian laws, the Rules of the Nasdaq Tallinn Stock Exchange and the Nasdaq Helsinki Stock Exchange or the Corporate Governance Recommendations of the Nasdaq Tallinn Stock Exchange.

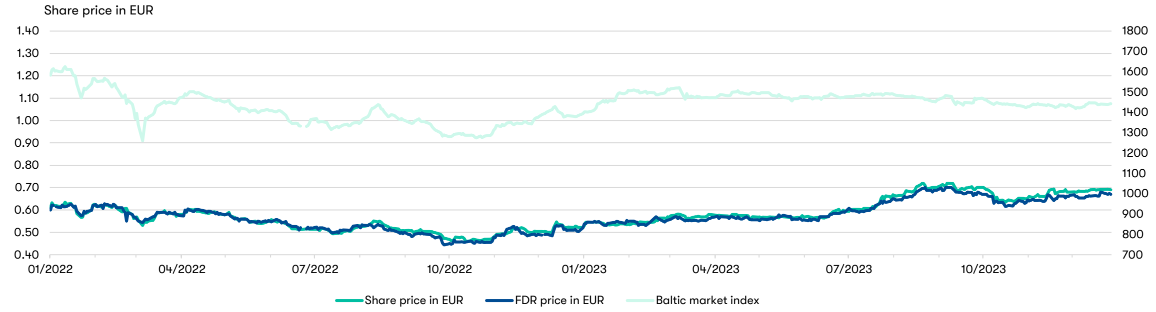
Two shareholders of AS Tallink Grupp, Baltic Cruises Holding L.P. ("BCH") and Baltic Cruises Investment L.P. ("BCI"), and another shareholder, Citigroup Venture Capital International Growth Partnership (Employee) II L.P. ("CVCI"), concluded an agreement that restricts the free transferability of AS Tallink Grupp shares as documented in the Co-Investment Agreement between BCI, BCH and CVCI dated 29 June 2017.

Trading

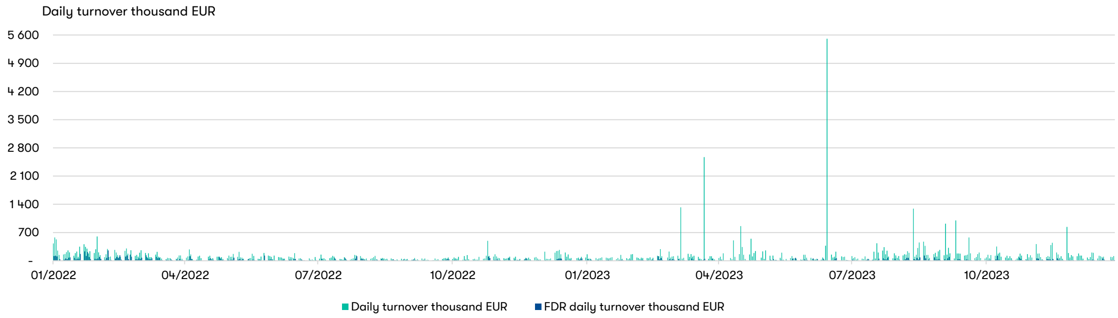
In 2023, 72 410 090 AS Tallink Grupp shares were traded on the Nasdaq Tallinn Stock Exchange. The highest share price on the Nasdaq Tallinn Stock Exchange was EUR 0.73 and the lowest share price was EUR 0.52. The average daily turnover of AS Tallink Grupp shares on the Nasdaq Tallinn Stock Exchange was EUR 177.5 thousand.

In 2023, 8 975 929 AS Tallink Grupp FDRs were traded on the Nasdaq Helsinki Stock Exchange. The highest price on the Nasdaq Helsinki Stock Exchange was EUR 0.71 and the lowest price was EUR 0.50. The average daily turnover of AS Tallink Grupp FDRs on the Nasdaq Helsinki Stock Exchange was EUR 21.9 thousand.

The chart below gives an overview of the performance of the share price, the FDR price and the Baltic market index from 1 January 2022 to 31 December 2023:



The chart below gives an overview of the daily turnovers of the shares and the FDRs from 1 January 2022 to 31 December 2023:



The table below shows the implied market valuation at the end of 2023:

Instrument	Open	Close	Daily close average	Payout	Market value, EUR million	P/E ratio
TAL1T	0.522	0.690	0.617	-	513.1	6.51
TALLINK FDR	0.502	0.670	0.606	-	498.2	6.32

Takeover Bids

The Group has not concluded any agreement with its management or employees that provides for a compensation payment in the case of a takeover bid.

Dividends

In 2018, the Group adopted a dividend policy subject to which dividends of a minimum amount of EUR 0.05 per share would be paid if the economic performance allows it.

Due to the ongoing global uncertainties the Annual General Meeting of Shareholders held on 13 June 2023 decided not to pay dividends for the financial year 2022.

In agreement with the Supervisory Board of the Group, the Group's Management Board has decided to prepare a proposal to the General Meeting of Shareholders to pay a dividend of EUR 0.06 per share in 2024 for the financial year of 2023.

Economic Environment

During the financial year 2023, the Group's operations were mainly impacted by changes in consumer behaviour and economic developments in its core markets of Finland, Sweden, and Estonia, but also by the global geopolitical situation and the war in Europe. As nearly half of all the passengers are Finns, the Group is highly exposed to economic developments in Finland. Similarly, the Group is heavily exposed to economic developments in Estonia (24% of total passengers in 2023) and Sweden (8% in 2023).

According to the World Tourism Barometer for 2023 published by UNWTO, the international tourism has reached 88% of the pre-pandemic levels. Factors contributing to the increase include the recovery of demand, improved air connectivity and the return of Asian tourists. While UNWTO expects tourism to fully recover to pre-pandemic levels in 2024, the economic and geopolitical challenges remain. Factors such as the challenging economic environment, the potential escalation of military conflicts in the Middle East, volatile oil prices, higher transportation costs and resulting trade disruptions, and the war in Ukraine continue to be critical to the effective recovery of international tourism.

According to the latest data, the real growth of the economies of Estonia and Sweden decreased in 2023 relative to 2022, while growth in Finland remained stalled. In 2023, the exports of goods and services in Sweden grew by 2.0% year-on-year, while growth in Finland was 0.1% according to the OECD. At the same time, imports increased by 0.7% annually in Sweden, while they decreased by 4.7% in Finland. In Estonia, the exports of goods and services dropped by 4.9% and imports of goods and services by 5.7% year-on-year. The Estonian economy has been impacted by the weak demand in the Nordics, as the manufacturing sector is closely linked to the housing construction in Finland and Sweden, where tighter financial conditions have slowed activity sharply. The economies of Estonia, Sweden and Finland continue to be affected by the war in Ukraine and the ongoing global economic slowdown.

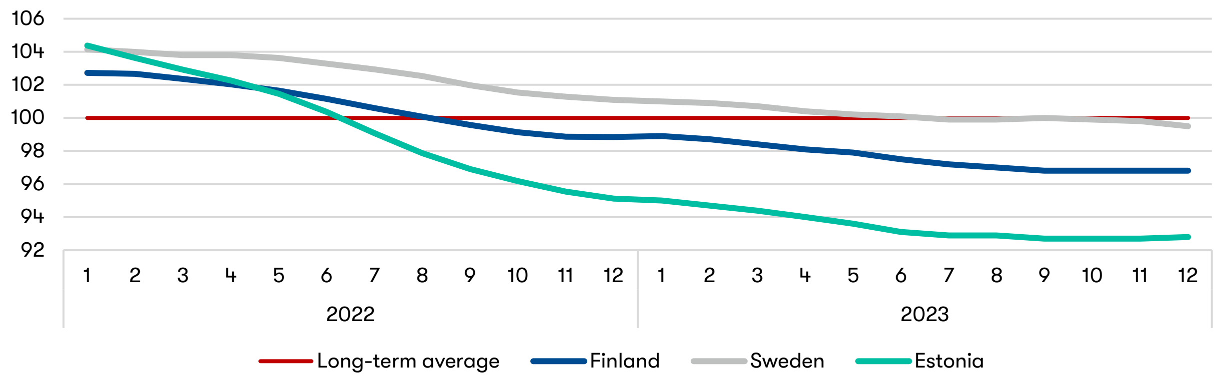
The labour market in the Group's core markets is deteriorating with rising unemployment rates. Unemployment rates increased in all core markets, being the highest in Sweden and the lowest in Estonia. Inflation is expected to fall significantly in all the Group's core markets as a result of tighter microeconomic policies, lower energy prices and weak demand. Higher unemployment and the general economic and political situation both locally and globally have a direct effect on consumer confidence and purchasing power.

The OECD measured consumer and business confidence index remains low among households and businesses. Consumer confidence hit a record low in September 2022, followed by an upward trend until June 2023. Since then, consumer confidence in Estonia has declined and is considerably lower than in Finland and Sweden, suggesting that consumers in Estonia are more pessimistic about their future finances. The business confidence index follows a similar trend in the Group's core markets being the lowest in Estonia. The war in Ukraine, tight monetary policy, persistently high inflation and the prospect of economic recession continue to be key concerns globally.

In the financial year 2023, the average global fuel prices dropped by approximately 23% year-on-year. As a result, the Group's overall fuel cost decreased by 32.6% or EUR 47.0 million year-on-year, driven by lower consumption and more vessels being on charter compared to the previous financial year. At the same time, the share of the Group's fuel transport cost component in the fuel price increased year-on-year due to the increased distance of the fuel sourcing.

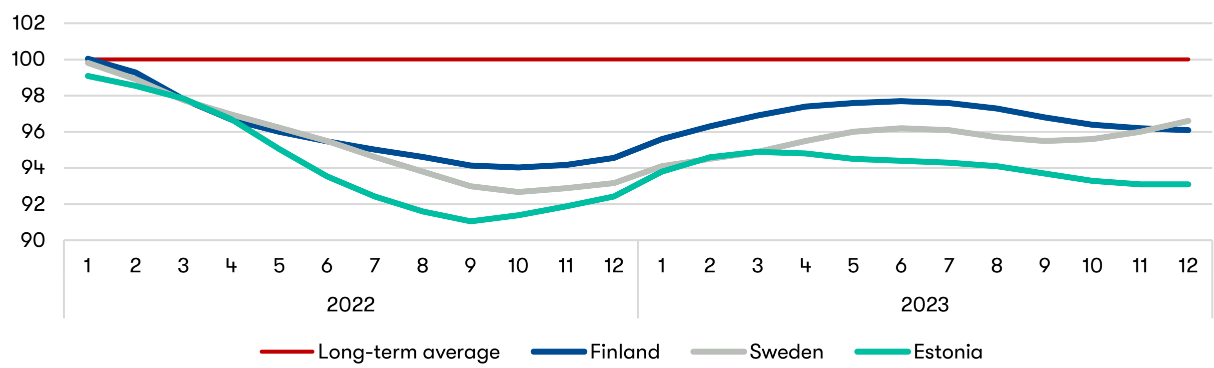
For the foreseeable future and according to current best knowledge and estimates, the key risks to the business continue to be related to fuel price volatility, the war in Ukraine and the military conflict in the Middle East, high interest rates and changes in customers' travel and consumption habits.

The chart below gives an overview of the business confidence levels in Finland, Sweden and Estonia compared to long-term average from January 2022 to December 2023:



Source: https://stats.oecd.org/index.aspx?queryid=299#

The chart below gives an overview of the consumer confidence levels in Finland, Sweden and Estonia compared to long-term average from January 2022 to December 2023:



Source: https://stats.oecd.org/index.aspx?queryid=299#

The table below gives an overview of the real Gross Domestic Product (GDP) change, the unemployment rate and inflation in Finland, Sweden and Estonia in 2022-2024:

Real GDP, change	**2022**	**2023**	**2024f**
Finland	1.6%	0.0%	0.9%
Sweden	2.9%	-0.5%	0.9%
Estonia	-0.5%	-2.6%	0.6%

Source: OECD (2024), Real GDP forecast (indicator). doi: 10.1787/1f84150b-en (Accessed on 19 February 2024)

Unemployment rate (% of labour force)	**2022**	**2023**	**2024f**
Finland	6.8%	7.2%	7.4%
Sweden	7.5%	7.7%	8.3%
Estonia	5.6%	6.6%	7.8%

Source: OECD (2024), Unemployment rate forecast (indicator), doi: 10.1787/b487f2cf-en (Accessed on 19 February 2024).

Inflation (CPI)	**2022**	**2023**	**2024f**
Finland	7.2%	4.5%	2.2%
Sweden	8.4%	8.6%	3.8%
Estonia	19.4%	9.2%	3.4%

Source: OECD (2024), Inflation forecast (indicator). doi: 10.1787/598f4aa4-en (Accessed on 19 February 2024)

Events After the Reporting Period and Outlook

Changes in the Group's Management Board

On 6 March 2024, the Supervisory Board of the Group appointed Ms Elise Nassar as a member of the Management Board and recalled Mrs Kadri Land from the Management Board following her resignation. Ms Elise Nassar was appointed for a term of three years.

Ms Nassar is a member of the Management Board of Justit OÜ, a member of the Supervisory Board of AS Tallink Latvija, a member of the Board of Director of the European Community Shipowners' Associations and the President of the Estonian Shipowners' Association.

Extension of Terms of Office of AS Tallink Grupp Management Board Members

The Supervisory Board of the Group adopted a decision at a general meeting of the Supervisory Board held on 15 February 2024 to extend the term of office of the Chief Executive Officer of AS Tallink Grupp, Mr Paavo Nõgene by three years from 2 May 2024, and the term of office of the member of the Management Board of AS Tallink Grupp, Mr Margus Schults by three years from 29 April 2024.

Sale of the Cruise Ferry Isabelle

The subsidiary of AS Tallink Grupp, Hansalink Ltd, signed a sales-purchase agreement with the Cypriot company Notamare Shipping Company Limited for the sale of the cruise ferry Isabelle in January 2024. Notamare Shipping Company Limited is the group company of Bridgemans Floatel LP/Bridgemans Services Group Ltd to which the cruise ferry Isabelle was chartered since 1 July 2023. The charter agreement included a purchase option. As a result of the transaction the number of vessels operated by the Group has decreased to 14.

Cruise Ferry Victoria I to Operate on the Tallinn-Stockholm Route in Summer 2024

The Group will add the cruise ferry Victoria I to the Tallinn-Stockholm route from 31 May to 31 August 2024. During the period the route is operated by two cruise ferries. The cruise ferry Victoria I will return to the Tallinn-Helsinki route from 31 August 2024.

Profitability

The Group's earnings are not generated evenly throughout the year. The summer period is the high season in the Group's operations. In management's opinion and based on past experience, most of the Group's earnings are generated during the summer months (June-August). In 2024, the seasonal fluctuations in revenue generation will be smoothed by Group's income from chartering services. Management is continuously looking for ways to manage risks for the low season, including chartering out of vessels and partial short-term hedging of LNG price risk.

Research and Development Projects

The Group has no significant ongoing research and development projects. The Group continuously seeks opportunities to expand its operations in order to improve its results.

The Group is constantly looking for innovative ways to upgrade the ships and passenger area technology to improve its overall performance through modern solutions. The most recent technical projects are focused on solutions to reduce the carbon footprint of the vessels.

Risks

The Group's business, financial position and operating results could be materially affected by various risks. These risks are not the only ones the Group faces. Additional risks and uncertainties not presently known to us, or that the Group currently believes are immaterial or unlikely, could also impair our business. The order of presentation of the risk factors below is not intended to be an indication of the probability of their occurrence or of their potential effect on our business.

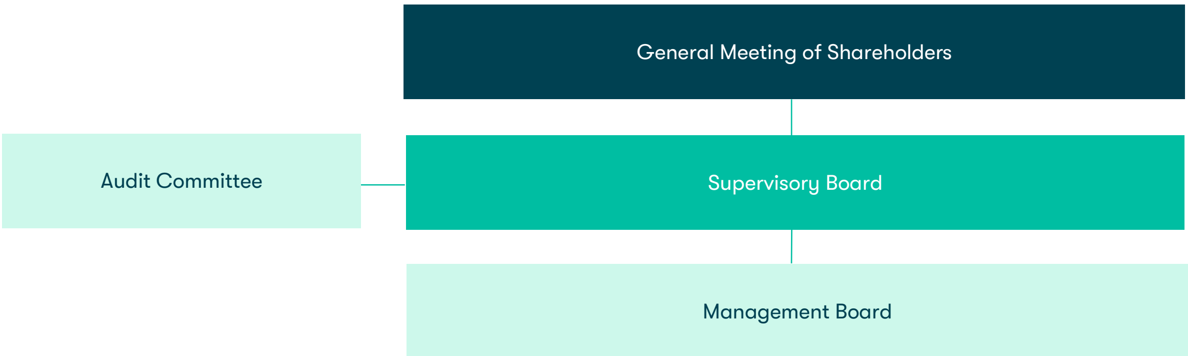
- Protracted geopolitical and military conflict in Europe
- Governmental restrictions on business activities
- Impact of high inflation on consumer habits
- Accidents, disasters
- Macroeconomic and labour market developments
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market trends and customer behaviour
- Variations in labour legislation impact the competitiveness while sailing under different flags

CORPORATE GOVERNANCE REPORT

This report is made in accordance with the Estonian Accounting Act and gives an overview of the governance of AS Tallink Grupp and its compliance with the requirements of the Corporate Governance Recommendations (CGR) of the NASDAQ OMX Tallinn Stock Exchange. The Group follows most of the articles of the CGR except where indicated otherwise in this report.

Organisation and Administration

Pursuant to the Estonian Commercial Code and the articles of association of the Company, the right to make decisions and the administration of the Company are divided between the shareholders represented by the General Meeting of Shareholders, the Supervisory Board and the Management Board. The following diagram represents the governance structure of the Group:



General Meeting of Shareholders

The Company's highest governing body is the General Meeting of Shareholders. The primary duties of the General Meeting of Shareholders are to approve the annual report and the distribution of dividends, elect and remove members of the Supervisory Board, elect auditors, pass resolutions on any increase or decrease in share capital, change the articles of association and resolve other issues, which are the responsibility of the General Meeting of Shareholders by law. According to the law, the articles of association can be amended only by the General Meeting of Shareholders. In such a case it is required that 2/3 of the participating votes are for it.

The Annual General Meeting of Shareholders that approves the annual report no later than six months after the end of the financial year is held once a year.

Every shareholder or his/her proxy with a relevant written power of attorney may attend the General Meeting of Shareholders, discuss the items on the agenda, ask questions, make proposals and vote. A controlling shareholder refrains from unreasonably harming the rights of other shareholders, both at the General Meeting of Shareholders and upon organizing the Company's management and shall not abuse his or her position.

The Company's Management Board determines the agenda of the General Meeting of Shareholders and prepares the draft of the resolution in respect to each item on the agenda to be voted on at the General Meeting of Shareholders. If a General Meeting of Shareholder is called by shareholders, the Supervisory Board or an auditor, the Supervisory Board or an auditor prepares a draft of the resolution of each item on the agenda and submits this to the Management Board. Shareholders whose shares represent at least one-twentieth of the share capital may submit the Company a draft of the resolution in respect to each item on the agenda to be voted on at the General Meeting of Shareholders.

The Company publishes a notice of an Annual General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders at least three weeks in advance in a national daily newspaper, in the stock exchange information system and on the Company's website at www.tallink.com. The notice includes information on where the meeting will be held.

The agenda of the meeting, the Board's proposals, draft resolutions, comments and other relevant materials are made available to the shareholders before the General Meeting of Shareholders on the Company's website and through the information system of the Tallinn and Helsinki stock exchanges. Additionally, the notice of calling the General Meeting of Shareholders is published in daily national newspapers at least three weeks before the meeting date. The shareholders may ask questions before the General Meeting of Shareholders by sending an email to info@tallink.ee.

The Company has not made it possible to observe and attend general meetings through electronic channels as there has not been any interest in it (CGR 1.3.3).

The Annual General Meeting of Shareholders of AS Tallink Grupp for the financial year 2022 was held on 13 June 2023. The meeting was attended by the Management Board members Mr Paavo Nõgene, Mrs Kadri Land (member of the Management Board until March 2024), Mr Harri Hanschmidt, Mrs Piret Mürk-Dubout and Mr Margus Schults and the Supervisory Board members Mr Enn Pant, Mr Toivo Ninnas, Mrs Eve Pant, Mr Ain Hanschmidt, Mr Kalev Järvelill, Mr Colin Douglas Clark and Mr Raino Paron. The Annual General Meeting of Shareholders was chaired by Mr Raino Paron. The meeting was held in Estonian. The attending shareholders represented 557 342 164 votes, i.e. 74.95% of all votes. The Annual General Meeting of Shareholders adopted the following resolutions:

- approval of the annual report,
- approval of net profit and no dividend distribution,
- appointment of an auditor,
- extension of the term of office of a member of the Supervisory Board and payment of remuneration,
- amendment of the Articles of Association,
- approval of the Option Programme, and
- issuing of options to the Members of the Supervisory Board.

The Supervisory Board

The Supervisory Board engages in oversight and longer-term management activities such as supervising the Management Board and approving business plans, acting independently in the best interest of all shareholders. No residency requirements apply to the members of the Supervisory Board. The Supervisory Board reports to the General Meeting of Shareholders.

The Supervisory Board consists of five to seven members. Members of the Supervisory Board are elected for periods of three years at a time. The Supervisory Board elects one of its members as chairman. For electing a member to the Supervisory Board, his or her written consent is needed. The

General Meeting of Shareholders may remove any member of the Supervisory Board without a reason. Such a decision requires 2/3 of the votes represented at the General Meeting of Shareholders. A member of the Supervisory Board may resign without a reason by informing the General Meeting of Shareholders about the resignation.

The Supervisory Board is responsible for supervising the management of the Company and organising its operations. The Supervisory Board determines the principles for the Company's strategy, organization, annual operating plans and budgets, financing and accounting. The Supervisory Board elects the members of the Management Board and determines their salaries and benefits.

The meetings of the Supervisory Board are held according to need, but not less frequently than every three months. The Supervisory Board convened four times in 2023, during which 12 resolutions were made. The Company's operations, development, strategies, targets and budget were discussed.

The members of the Supervisory Board avoid conflicts of interest and observe the prohibition on competition. The Supervisory Board and the Management Board work closely in the best interests of the Company and its shareholders, acting in accordance with the articles of association. Confidentiality rules are followed in exchanging information.

The Management Board and the Supervisory Board closely collaborate to achieve the better protection of the interests of the Company. The Management Board and Supervisory Board jointly participate in the development of the operations, objectives and strategy of the Company.

The remuneration of the Supervisory Board was decided at the General Meeting of Shareholders on 7 June 2012. Accordingly, the remuneration of the Chairman is EUR 2 500 per month and the remuneration of other members of the Supervisory Board is EUR 2 000 per month. There are no other special benefits for the Chairman and the members of the Supervisory Board. No termination benefits are paid to the members of the Supervisory Board upon the termination or non-extension of the term of office.

The General Meeting of Shareholders for the financial year ended on 31 December 2022 and held on 13 June 2023 approved an option programme subject to which the members of the Supervisory Board are entitled to no more than 1 500 000 share options per each member during the option programme. The option programme has a term of 3 years plus a 3-year vesting period.

The members of the Supervisory Board have the knowledge and experience necessary to fulfil their duties in accordance with the Corporate Governance Recommendations and legislation.

The Supervisory Board consists of seven members, elected for periods of three years at a time:

Mr Enn Pant (born 1965)
Chairman of the Supervisory Board

- Chairman of the Supervisory Board of AS Tallink Grupp since 2015
- Chairman of the Management Board of AS Tallink Grupp (1996 – 2015)
- Chairman of the Supervisory Board of AS Infortar
- Chancellor of the Ministry of Finance of Estonia from 1992 to 1996
- Graduated from the Faculty of Economics, the University of Tartu, Estonia, in 1990

Mr Toivo Ninnas (born 1940)
Member of the Supervisory Board

- Member of the Supervisory Board of AS Tallink Grupp since 2016
- Chairman of the Supervisory Board of AS Tallink Grupp (1997 – 2016)
- Member of the Supervisory Board of AS Infortar
- Served at ESCO (Estonian Shipping Company) from 1973 to 1997 in various positions, Director General since 1987
- Graduated from the Far Eastern High Engineering Maritime College (FEHEMC), maritime navigation, in 1966

Mrs Eve Pant (born 1968)
Member of the Supervisory Board

- Member of the Supervisory Board of AS Tallink Grupp since 1997
- Member of the Management Board of AS Infortar
- Graduated from the Tallinn School of Economics, Estonia, in 1992

Mr Ain Hanschmidt (born 1961)
Member of the Supervisory Board

- Member of the Supervisory Board of AS Tallink Grupp since 2005
- Chairman of the Management Board of AS Infortar
- Member of Supervisory Board of AS Tallink Grupp (1997-2000)
- For years served as Chairman of the Management Board of SEB Eesti Ühispank AS
- Graduated from the Tallinn Polytechnic Institute (Tallinn University of Technology), Estonia, in 1984

Mr Colin Douglas Clark (born 1974)
Member of the Supervisory Board

- Member of the Supervisory Board of AS Tallink Grupp since 2013
- Managing Director and Head of Central & Eastern Europe, Middle East and Africa for The Rohatyn Group
- Formerly a Partner of CVCI Private Equity, from 2003 to 2013 until the merger of CVCI with The Rohatyn Group in December 2013
- Director of the Supervisory Board of Prestige
- Worked from year 2000 in Citigroup Inc's leading emerging markets projects financing team
- Worked for the Bank of Scotland in Edinburgh in various positions
- Holds a Bachelor's degree in Accountancy and Management from the University of Dundee (Scotland)
- Member of the Institute of Chartered Accountants of Scotland

Mr Kalev Järvelill (born 1965)
Member of the Supervisory Board

- Member of the Supervisory Board of AS Tallink Grupp since 2007
- Member of the Supervisory Board of AS Infortar
- Member of the Management Board of AS Tallink Grupp from 1998 to 2006
- General Director of the Estonian Tax Board from 1995 to 1998
- Vice Chancellor of the Ministry of Finance of Estonia from 1994 to 1995
- Graduated from the Faculty of Economics, the University of Tartu, Estonia, in 1993

Mr Raino Paron (born 1965)
Member of the Supervisory Board

- Member of the Supervisory Board of AS Tallink Grupp since 2019
- Head of Banking & Finance and EU & Competition practice groups in the law firm Ellex Raidla
- Member of the Management Board of Finance Estonia
- Member of the Supervisory Board of AS Inbank
- Partner and attorney-at-law at law firm Ellex Raidla since 1998
- Chairman of the Supervisory Board of the Arbitration Court of the Tallinn Stock Exchange
- Graduated from the University of Tartu, Estonia in 1990 (cum laude) and from Georgetown University, USA in 1993 with a LLM degree (Master of Laws) with honours

The expiry dates of the terms of office, shareholdings (direct holdings and holdings via wholly-owned legal entities) and share options of the members of the Supervisory Board at the end of 2023 were as follows:

Name	Expiration of term	Shares	Options
Enn Pant	13 June 2026	17 868 562	300 000
Toivo Ninnas	18 September 2025	3 169 770	300 000
Eve Pant	18 September 2025	781 000	300 000
Ain Hanschmidt	18 September 2025	3 500 000	300 000
Raino Paron	18 September 2025	62 500	300 000
Colin Douglas Clark	18 September 2025	0	0
Kalev Järvelill	13 June 2024	0	300 000

The Management Board

The Management Board is an executive body charged with the day-to-day management of the Company, as well as with representing the Company in its relations with third parties, for example in entering into contracts on behalf of the Company. The Management Board is independent in their decisions and acts in the best interests of the Company's shareholders.

The Management Board must adhere to the decisions of the General Meeting of Shareholders and lawful orders of the Supervisory Board. The Management Board ensures, with its best efforts, that the Company complies with the law and that the Company's internal audit and risk management functions operate effectively.

The Management Board consists of three to seven members. The members and the Chairman of the Management Board are elected by the Supervisory Board for periods of three years at a time. For electing a member to the Management Board his or her written consent is needed. The Chairman of the Management Board may propose that the Supervisory Board also appoint a vice chairman of the Management Board, who fulfils the chairman's duties in the absence of the chairman. Every member of the Management Board may represent the Company alone in any legal and business matter. According to the law the Supervisory Board may recall any member of the Management Board without a reason. A member of the Management Board may resign without a reason by informing the Supervisory Board about the resignation.

Members of the Management Board avoid conflicts of interest and observe the prohibition on competition.

The Management Board and Supervisory Board co-operate closely for the purpose of better protection of the Company's interests. The Management Board regularly notifies the Supervisory Board of any material circumstances concerning the planning and business activities of the Company, activity-based risks, and the management of such risks. The Management Board separately calls attention to such changes in the Company's business activities that deviate from set plans and purposes and indicates the reasons for such changes. The information is delivered promptly and covers all material circumstances.

The Members of the Management Board and Supervisory Board observe the rules of confidentiality upon organization of the mutual exchange of data ensuring above all the control over the transfer of price sensitive information. The Management Board also ensures the observance of the rules of confidentiality by the employees of the Company, who have access to such information.

The principles of remuneration of the Management Board are disclosed in the Remuneration Report on page 41.

The Management Board consists of five members elected for periods of three years at a time:

Mr Paavo Nõgene (born 1980)
Chairman of the Management Board since May 2018

- Secretary-General of the Ministry of Culture of the Republic of Estonia from 2013 to 2018
- General Manager of Vanemuine Theatre in Estonia from 2007 to 2012
- Chairman of the Supervisory Board of the Art Museum of Estonia
- Graduated from the University of Tartu, Estonia, in 2012 with a degree in Journalism and Communications

Mr Paavo Nõgene is responsible for leading the Board and general and strategic management of the Group. In addition, he is responsible for daily operations, route operations, administrative services, GDPR, human resources, communication services, hotel management and Tallink Travel Club.

Ms Elise Nassar (born 1991)
Member of the Management Board since March 2024

- Has been working in Tallink Grupp since 2018. She has held the positions of Data Protection Officer and Head of Internal Audit during that time
- Since summer 2022 she has held the position of Group Head of Legal and Head of the Internal Audit and Internal Control Departments
- Prior to joining Tallink Grupp, Elise worked as a lawyer at AS Ekspress Grupp, the largest media group in the Baltics
- Ms Elise Nassar holds a BA in Law from the University of Tartu

Ms Elise Nassar is responsible for cargo operations, logistics, stevedoring, ship management, safety, security, environment, legal services, anti-corruption, procurement.

Mr Harri Hanschmidt (born 1982)
Member of the Management Board since February 2019

- Has been working for the Group since 2009 and has held positions of Head of Investor Relations and Head of the Finance Department among other roles
- Since 2015 has held the position of the Group Head of Strategic Projects
- Worked in various roles in Estonian IT sector organizations prior to joining AS Tallink Grupp
- Holds a Master's degree in Business Informatics from Tallinn University of Technology since 2008

Mr Harri Hanschmidt is responsible for information technology, operational and business development, investor relations, EU funds and new strategic projects.

Mrs Piret Mürk-Dubout (born 1970)
Member of the Management Board since April 2019

- Prior to joining the Group, worked in Tallinn Airport where she held the position of Chief Executive Officer and Chairman of the Management Board since 2016
- Worked in several senior positions in Telia Company headquarters and group companies in Stockholm and in Tallinn between 2010 and 2016
- Holds an Executive Master of Business Administration degree from the Estonian Business School, a diploma in Jurisprudence from the University of Tartu, and a Master's degree in Media & Communications from the University of Tartu. Has graduated Senior Executive Programme at London Business School.
- Vice President of Maritime Affairs at the European Retail Confederation (ETRC)
- Member of Board at Tallinn University of Technology TalTech.

Mrs Piret Mürk-Dubout is responsible for the Group's commercial development and business intelligence, brands development, sales and marketing strategy, customer experience management, travel retail and duty free operations, onboard Services, dining and entertainment concepts development, commercial partnership development, ESG and corporate social responsibility.

Mr Margus Schults (born 1966)
Member of the Management Board since April 2021

- Has been working for the Group since 2008, Group CFO since 2022
- Has held the position of Chief Executive Officer of Tallink Silja Oy since 2009, including the roles of a member of the Supervisory Board of Sally AB and Managing Director of Tallink Silja Gmbh
- Worked in SEB between 1994 and 2008 in different leading positions, including as a member of the Management Board of SEB Estonia
- Member of the Main Council of the Helsinki region Chamber of Commerce, Deputy Chairman of Finnish-Estonian Trade Association, Member of the Board of the Finnish Shipowners' Association
- Holds a PhD degree in Technology, Electronics from Tallinn University of Technology

Mr Margus Schults is responsible for the Group's finances and Finnish operations.

The expiry dates of the terms of office, shareholdings (direct holdings and holdings via wholly-owned legal entities) and options of the members of the Management Board at the end of 2023 were as follows:

Name	Expiration of term	Shares	Options
Paavo Nõgene	2 May 2027	500 000	300 000
Elise Nassar	5 March 2027	10 120	60 000
Harri Hanschmidt	5 February 2025	212 648	300 000
Piret Mürk-Dubout	16 April 2025	5 000	300 000
Margus Schults	29 April 2027	15 000	300 000

Authority of the Members of the Management Board to Issue and Acquire Shares

According to the resolution of the General Meeting of Shareholders of 30 July 2020, the Company was granted the right to acquire its own shares subject to the following conditions:

1) The Company is entitled to acquire its own shares within five years as from the adoption of the resolution.

2) The sum of the book values of the own shares held by the Company shall not exceed 1/10 of share capital.

3) The price payable for one share shall not be higher than the highest price paid on the Nasdaq Tallinn Stock Exchange for the share of AS Tallink Grupp on the day when the share is acquired.

4) Own shares shall be paid for from the assets exceeding share capital, then legal reserve and share premium.

The Management Board does not have the right to issue the Company's shares.

Disclosure of Information

The Company follows the CGR in its information disclosure procedures and treats all shareholders equally. All the released information, such as monthly statistics reports, interim reports and the annual report, is published in Estonian and in English on the websites of the Company, the Nasdaq Tallinn Stock Exchange and the Nasdaq Helsinki Stock Exchange as well as through the OAM system managed by the Estonian Financial Supervision Authority subject to the financial calendar. The Company published its 2023 financial calendar on 6 December 2022. The Company does not disclose the date of the notice of calling the General Meeting of Shareholders (CGR 5.2) in its financial calendar since it is decided by the Management Board and Supervisory Board at a later date.

Meetings with investors are arranged on an ad hoc basis as and when requested by the investors. Following the disclosure of interim reports the Company holds public webinar meetings. The information shared at the meetings is limited to data already disclosed. The Company publishes the times and locations of significant meetings with investors. The presentations made to investors are available on the Company's website. However, the Group does not meet the recommendation to publish the time and location of each individual meeting with investors and to allow all shareholders to participate in these events as it would be impractical and technically difficult to arrange (CGR 5.6).

Financial Reporting and Auditing

Preparation of financial reports and statements is the responsibility of the Company's Management Board. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and relevant Estonian regulations. The Company issues quarterly unaudited interim financial reports and the audited annual report.

The Company's annual report is audited and then approved by the Supervisory Board. The annual report together with the written report of the Supervisory Board is sent for final approval to the General Meeting of Shareholders.

The notice of the General Meeting of Shareholders includes information on the auditor candidate. The Company observes the auditors' rotation requirement.

To the knowledge of the Company, the auditors have fulfilled their contractual obligations and have audited the Company in accordance with International Standards on Auditing.

For better risk management and control, the Company has established an Audit Committee and an Internal Audit Department.

The consolidated financial statements for 2023 were audited by KPMG Baltics OÜ. In addition to audit services, KPMG Baltics OÜ provided services to the Group in 2023 that are permissible under the Auditors Activities Act of the Republic of Estonia. The audit fee and the auditor's responsibilities are set out in an agreement concluded by the Management Board.

The Audit Committee

The Audit Committee is responsible for monitoring and analysing the processing of financial information, the effectiveness of risk management and internal control, the process of auditing annual and consolidated accounts, and the independence of the audit firm and the auditor representing the audit firm on the basis of the law. The Audit Committee is responsible for making recommendations and proposals to the Supervisory Board.

The Audit Committee has three members: Mr Meelis Asi (the Chairman), Mr Ain Hanschmidt and Mrs Mare Puusaag. The members of the Audit Committee are elected for an indefinite term.

The audit committee meets as required but not less than twice a year.

Substantial Shareholders

Shareholder	Number of shares	% of share capital
Infortar AS	313 600 561	42.2%
Baltic Cruises Holding L.P.	81 971 609	11.0%
Baltic Cruises Investment L.P	43 831 732	5.9%

Related party transactions are disclosed in the notes to the consolidated financial statements.

REMUNERATION REPORT

The Supervisory Board has concluded service agreements with the members of the Management Board. In 2023, the remuneration of the members of the Group's Management Board was EUR 1.391 thousand in total.

The remuneration of the Management Board is determined by the Supervisory Board according to the Corporate Governance Recommendations. The Supervisory Board has adopted and amended the principles of remuneration of the management of AS Tallink Grupp. According to the document, besides work benefits, termination benefits and a share option programme, the members of the Management Board are eligible to annual performance-related bonuses of up to 12-months' remuneration depending on the size of dividends. The performance-related bonus is paid when the Group earns a profit and when the shareholders' general meeting decides to pay dividends from the profit of the previous financial year.

The General Meeting of Shareholders held on 13 June 2023 approved a share option programme to motivate the Group's management and senior employees by involving them as shareholders and allowing them to benefit from the increase in the value of the shares resulting from their contribution.

The following table provides an overview of the gross remuneration of each Management Board member of AS Tallink Grupp excluding social security tax expense:

In thousands of EUR	2023	2022	2021	2020	2019
Paavo Nõgene	**344.0**	**378.0**	**294.0**	**263.0**	**294.0**
of which base remuneration	339.0	294.0	294.0	263.0	294.0
of which bonus	-	84.0	-	-	-
of which value of options granted	5.0	-	-	-	-
Number of options granted	300 000	-	-	-	-
Kadri Land	**251.0**	**240.0**	**210.0**	**196.7**	**226.0**
of which base remuneration	246.0	210.0	210.0	196.7	179.3
of which bonus	-	30.0	-	-	46.7
of which value of options granted	5.0	-	-	-	-
Number of options granted	300 000	-	-	-	-
Harri Hanschmidt	**251.0**	**236.8**	**198.8**	**196.7**	**206.8**
of which base remuneration	246.0	206.8	198.8	196.7	206.8
of which bonus	-	30.0	-	-	-
of which value of options granted	5.0	-	-	-	-
Number of options granted	300 000	-	-	-	-
Piret Mürk-Dubout	**251.0**	**240.0**	**210.0**	**196.7**	**157.9**
of which base remuneration	246.0	210.0	210.0	196.7	157.9
of which bonus	-	30.0	-	-	-
of which value of options granted	5.0	-	-	-	-
Number of options granted	300 000	-	-	-	-
Margus Schults	**293.9**	**378.9**	**243.4**	**-**	**-**
of which base remuneration	220.0	188.0	144.5	-	-
of which bonus	-	47.3	-	-	-
of which payments from other group entities	68.9	143.7	98.9	-	-
of which value of options granted	5.0	-	-	-	-
Number of options granted	300 000	-	-	-	-
Net profit/loss (EUR million)	78.9	13.9	-56.6	-108.3	49.7
Dividend per share (EUR)*	-	-	-	-	0.05
Salary per average FTE	41.6	39.6	39.7	39.4	33.6

* In 2019 payments to shareholders included dividends of EUR 0.05 per share and a share capital reduction of EUR 0.07 per share.

ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY

ESG – Taking Action Towards CSRD Compliance from 2025 Onwards

Tallink Grupp will be one of the first 15 or so Estonian companies to report on its ESG actions, targets and performance in accordance with the EU CSRD directive and the requirements of the ESRS sector-agnostic standards. Ensuring that the Group is ready for the new reporting requirements has been a challenge particularly as the guidance and support available for complying with the new ESG reporting rules is being developed and shared with companies that already have to take real steps and actions without the detailed guidance available.

Regardless of this, the Group takes its sustainability activities and compliance seriously, as it has done for many decades already. The Group has forged its own path in ensuring that it reaches compliance in a timely manner and its actions and activities create a path for other Estonian and EU companies to follow when the reporting requirements also reach SMEs and smaller companies.

In spring 2023, the Group kicked off the double materiality assessment process, which lays the foundation for the new reporting. The key challenge here, since no methodology has been prescribed by the EU for the assessment, was to first create the formula and methodology for carrying out the process, which would ultimately also be acceptable and transparent for auditors. The Group engaged third party external advisors ClimaCheck and applied science experts from Estonian Applied Research Centre Centar to help with this. For assessing the Group's material impact areas, the following process steps were carried out between May 2023 and February 2024:

- Analysis of material topics listed in the ESRS standard;
- Workshop with the Group's Management Board and key department managers (including HR, procurement, finance, environment, etc);
- Value chain mapping;
- Online survey engaging key stakeholders in the double materiality process (investors, suppliers, partners, etc);
- Focus groups with internal stakeholders;
- In-depth interviews with key external stakeholders;
- Assessment and analysis of stakeholder engagement results with internal expert group;
- Validation of double materiality assessment by the Management Board.

The Group's approach has been to carry out a wide-reaching analysis possible to set a firm foundation for the Group's clear sustainability action for the years ahead. The process has enabled the Group to identify the key impact areas at the current time from a wide value chain perspective and will now provide an even clearer focus on the sustainability areas on which the Group needs to concentrate. This will ultimately lead to a review of the existing ESG strategy (agreed in December 2019) in early 2024 and the setting of clearer targets, putting in place clearer actions and the revision of existing policies and procedures in the material impact areas identified. The next steps on the path to CSRD compliance include agreeing targets with company management, conducting GAP analyses to identify any data gaps or issues in our key impact areas, and agreeing and implementing data collection, analysis, validation and reporting processes.

Since 2022, the Group has included EU Taxonomy reporting in its annual financial report, reporting on both the eligibility and alignment of the Group's operations, and this is now an integral part of the Group's annual reporting.

AS Tallink Grupp sustainability focus areas and goals:

People

- Give back to communities
- Promote responsible service
- Ensure health & well-being of colleagues

Resources

- Source products locally where possible
- Source sustainable products where possible
- Promote circular economy

Climate

- Reduce CO_2 emissions by 2% annually
- Reduce pollution
- Become a paperless business

Sea

- Reduce waste
- No single-use plastic
- Reduce water consumption

Environmental Activities on Shore

Vessel fuel consumption and GHG (Greenhouse Gas) emissions, among other environmental KPIs, are monitored and analysed at the Group level. Since 2018, when the EU introduced its Monitoring, Reporting and Verification (a.k.a. MRV) scheme, the Group has monitored and reported to the EC verified data of each vessel's fuel consumption and GHG emissions in a publicly available database. A year later IMO introduced its own Global DCS (Data Collection System) for monitoring fuel consumption and GHG emissions. Since then both systems have been operating in parallel.

Starting from 1 January 2024 the GHG emissions from international shipping are included in the EU ETS (Emissions Trading System), meaning that owners of vessels involved in international voyages must buy and surrender EUAs (EU Allowances) for each tonne of CO_2 emitted by the vessels. This is a significant development in the ever-increasing pursuit of GHG reductions and will have major implications for the shipping industry in Europe. The EU ETS is one of the European Union's tools to reduce GHG emissions in international shipping and contributes to a goal of achieving climate neutrality in Europe by 2050.

The EU ETS in the maritime sector will be phased-in over a 2-year period: 40% of CO_2 emissions reported in 2024 will be subject to the EU ETS (70% for CO_2 emissions reported in 2025 and 100% reported in 2026). Certain activities are exempted or have reduced obligations to surrender allowances, such as certain ice classed ships, certain ships servicing low population islands without rail/road link or located in the outermost regions, and ships in public service. Non-CO_2 emissions (methane and nitrous oxide) will be included in the EU ETS from 2026.

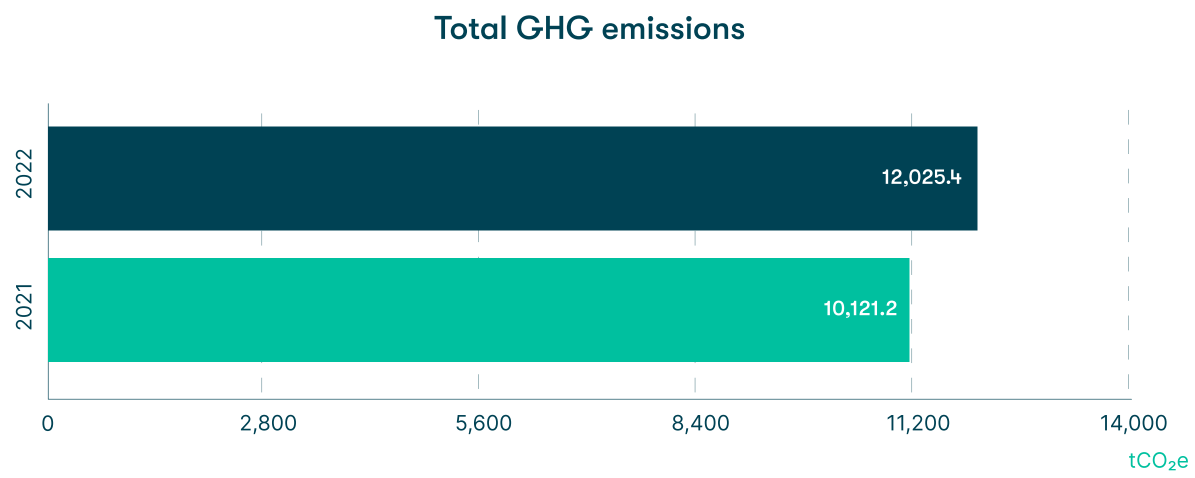
The price of EU ETS allowances will depend on various factors such as the balance between the supply and demand from companies covered by the EU ETS, economic conditions, energy prices and changes in regulations related to carbon emissions and climate policies.

In June 2023, the Group introduced the emissions surcharge to its customers for bookings made for voyages from 1 January 2024 onwards. Since the Group estimates that the cost of purchasing EUAs will reach tens of millions of euros annually, depending on the cost of EUAs on the market, it is impossible for the Group to bear the cost and at the same time invest in new technologies to meet ambitious climate targets, so the EUA cost will need to be shared with the customers. The level of the surcharge will be monitored and updated on a regular basis, dependent on the volatility and changes in the cost of EUAs on the market. The Group purchased its first EUAs in January 2024.

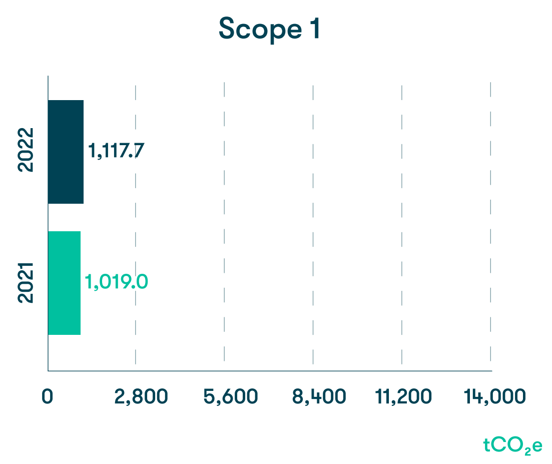
In spring 2023, the Group once again carried out an inventory of the Group's on shore GHG emissions for the year 2022 in partnership with third party experts and applied science professionals. The inventory was carried out according to the Greenhouse Gas Protocol and included scope 1 and 2 emissions of all the Group's operations across all its markets. The key findings were similar to those of the baseline years 2019 and 2021. The CO_2 emissions from onshore activities are only a small fraction (ca 2.5%) of the Group's total CO_2 emissions.

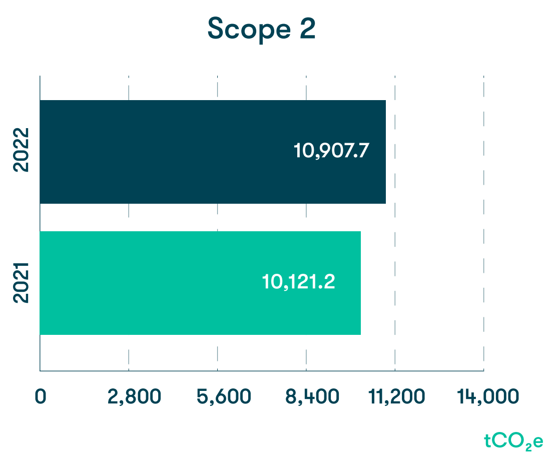
The 2023 emissions analysis will be carried out in Q1-Q2 2024 and published in the Group's annual sustainability report for 2023 in spring 2024.

The following chart shows the Group's total GHG emissions for the financial years of 2021 and 2022:



The chart below shows the Group's total GHG emissions by Scope 1 and Scope 2 for the financial years of 2021 and 2022:





The Group's CO_2 emissions for the core fleet (shuttles vessels MyStar and Megastar, cruise vessels Baltic Queen, Silja Symphony, Silja Serenade and Baltic Princess) were 305 393 tonnes in 2023, compared to an average of 332 803 tonnes per year between 2017-2019.

In spring 2023, the Group joined the Energy Efficiency Movement, led by global technology group ABB and pledged to increase the energy efficiency of the Group's vessels year-on-year, thus committing to working towards a more sustainable future together with other global companies.

In October 2023, the Group was one of the signatories of the Memorandum of Understanding signed by the cities of Tallinn and Helsinki, the ports of Tallinn and Helsinki, and the shipping companies operating between Tallinn and Helsinki to work towards creating a Green Corridor between Estonia and Finland.

Environmental Activities in Shipping Operations

All the Group's vessels are continuously managed in the best possible way, with a particular focus on increasing efficiency without compromising any aspects of safety. Measures and technical solutions that have the greatest impact on reducing fuel consumption and thus decreasing the GHG emissions are implemented as soon as possible. Several projects across the Group's fleet are either in the planning or implementation phase. The Group continues to improve the vessels' measuring equipment and reporting systems in order to obtain the most accurate measurement results possible. For example, the Group is actively modernizing and replacing the fuel consumption monitoring equipment on board its vessels and has introduced a new electronic platform to collect the relevant data starting from 1 January 2023.

The ship management team is actively researching and closely monitoring the development of various technologies that will help the shipping industry meet the GHG reduction goals introduced by the EU and IMO.

Environmental protection and management continues to be recognised as a clear priority for the Group. The Group is working intensively across its fleet to minimise marine and air pollution, to increase energy efficiency, control the use of chemicals and other pollutants, save resources and reduce waste wherever possible.

The Group's vessels are continuously managed and operated in strict and unquestioned compliance with the MARPOL (the International Convention for the Prevention of Pollution from Ships) and its amendments.

The Group continues to operate under a strict zero-spill policy. The Group's full commitment and first priority is to prevent any pollution of the marine environment. The Group achieves this by maintaining its fleet in the best technical condition, with highest standards of safety and crew competence, and by complying with all applicable legislation.

The Group works hard to establish all feasible means to increase the efficiency of its vessels. The Group is convinced that this will precede any further developments, such as the use of alternative fuels or any other noble technology already developed or yet to be emerge. By participating in projects like the EU funded TWIN PORT 3, the Group has succeeded in equipping the first Group vessels operating between Helsinki and Tallinn, as well as those operating between Helsinki and Stockholm, and Tallinn and Stockholm with shore power equipment. This is already a major step into the future as the forthcoming EU legislation (FuelEU Maritime Regulation) will require this to be common practice in the EU ports for passenger and general cargo ships from 2030.

The newest addition to the Group's fleet, the shuttle vessel MyStar, was delivered at the end of 2022. The shuttle vessel MyStar was specifically developed to utilise the best practices gained from operating the shuttle vessel Megastar on the same route between Helsinki and Tallinn since 2017. With the addition of the shuttle vessel MyStar, this route is now one of the most efficient routes between the two capitals using LNG fuelled vessels, shore power during overnight stays and other technological achievements.

2023 was a year of recovery for the Group's operations. Some vessels were used as an accommodation vessels in Estonia, the Netherlands and Scotland. The Group is still experiencing lower cargo and passengers volumes for various reasons, including the full-scale war in the Ukraine. Despite this, the maintenance of the Group's vessels, including all safety-related maintenance is being carried out in full keeping the fleet in complete readiness for any activities they might be required to undertake.

Auto-mooring systems have been actively used by our shuttle vessels in Tallinn Old City Harbour and in Helsinki West Harbour. In addition, the auto-mooring systems are installed and operational in Åland (Mariehamn and Långnäs). This is another example of increasing operational efficiency.

As the importance of reducing GHG emissions is increasing at all levels, the Group continues to focus on relevant projects. One of the examples is the re-blading project of the cruise vessel Baltic Queen, which included new propellers, specifically optimised for the Tallinn-Stockholm route, to make the crossing as efficient as possible. The final verification of this project is still pending, but the first results are very promising. This encourages the Group to continue with similar projects on other Group's vessels. From 1 January 2024 international shipping has been included in the EU ETS, which makes optimising fuel consumption and properly measuring and reporting GHG emissions an essential part of our daily operations.

In 2023, the Group's Ship management branch maintained its ISO 14001:2015 certified status for its Environmental Management System. The Environmental Management System is an integral part of the Group's Safety Management System, which is continuously improved using all the tools employed by the Group including but not limited to various audits and reviews.

Some examples of international certificates held by Group companies and vessels:

- ISO 14001:2015 Environmental Management System Certificate by LRQA (covering entire fleet)
- MARPOL International Energy Efficiency Certificate
- MARPOL International Air Pollution Prevention Certificate
- MARPOL International Sewage Pollution Prevention Certificate
- IAFS International Anti-Fouling System Certificate
- MARPOL International Oil Pollution Prevention Certificate
- Document of Compliance for Anti-fouling System
- MARPOL International Garbage Pollution Prevention Attestation
- Document of Compliance by Estonian Maritime Administration
- Document of Compliance by Finnish Maritime Administration
- Document of Compliance by Swedish Maritime Administration
- Document of Compliance by Latvian Maritime Administration

Social Activities Across the Group

At the end of 2023, the Group employed a total of 4 912 people across its markets, including 2 918 employees in Estonia, 1 042 employees in Finland, 525 employees in Sweden, 308 employees in Latvia, 112 employees in Lithuania, 6 employees in Germany and 1 employee in Russia. Of the total number of the employees, 3 090 were employed as on board crew and 1 822 were on shore employees. The Group's gender split continues to be exemplary with 54% female and 46% male employees, demonstrating a very balanced gender mix. The average length of service is also higher than the regional average at 7.8 years.

During the year, the Group focused strongly on staff training and well-being. Following the crisis years, the Group's training programme was broadened in 2023 and training hours per employee increased. In 2023, employee training courses across the Group totalled 34 612 hours. The main maritime training courses included:

- Occupational Maritime (incl Basic Safety, Security Awareness, Crowd & Crisis Management, Marine Evacuation, Medical First Aid etc) – 4 372 participants
- Other occupational (Products, Occupational Health & Safety, Food Hygiene, etc) – 2 761 participants
- Customer Service (incl Service Standards, Guest Experience, etc) – 1 455 participants
- Leadership – 65 participants.

The average number is probably even higher if external training courses, where many of the Group's employees participated, were included.

In 2024, following employee feedback, the training programme will be widened even more to include further Leadership and management, AI and other topics.

In addition to the focus on employee training, the well-being months in October and November were further expanded in 2023. Over a period of two months, for several years already, the Group's employees are offered expert talks on a range of topics from physical to mental health, many new resources to promote well-being at work and outside work, as well as more sports and general wellness activities and opportunities. Participation in the Group's well-being months has increased year-on-year, with most employees participating in at least one activity during the two months by 2023, and the event is now firmly established in the Group's programme of activities throughout the year.

For the first time in three years, the Group held the Tallink Awards Gala in March 2023 to celebrate employee achievements and recognise their contribution to seeing the Group through the crises. Nearly 1 300 employees attended the gala in Tallinn, a well-loved annual employee event. In 2024, the Group also plans to re-introduce other employee events (e.g. Tallink Family Day in the summer) that were cancelled during the pandemic and crisis years. The events are an important part of the Group's culture and values and thus important to be reintroduced into the annual corporate calendar.

In addition to looking after its own employees, the Group continued to support the communities in which it operates both financially and by providing its services and products free of charge. The main cooperation partners for the Group continued to be Minu Unistuste Päev and Tallinn Search and Rescue in Estonia, Kummit, Hope ry and Helsinki Search and Rescue in Finland, and Min Stora Dag in Sweden. In addition, in Estonia the Group continued close cooperation with SOS Children's Villages and Lääne-Harju county through circular economy projects and support, with the John Nurminen Foundation in Finland through donations from products sold on board of Tallink Silja Line vessels to save the Baltic Sea, and many other smaller community projects and activities throughout the year.

As in previous years, the Group continued to support Estonian culture, continuing its headline sponsorship of the Estonia National Opera and the Vanemuine theatre, but also playing a key role in raising the bar for Estonian tennis and golf.

The Group continues to support a number of initiatives and projects in the areas of environmental protection and circular economy, children and young people, and sport in all its markets.

A more detailed overview of the Group's sustainable development goals, plans, policies and activities in 2023 will be provided in the Group's Sustainability Report, published in May 2024.

Anti-corruption Activities and Human Rights

The Group and its management attach great importance to strong corporate governance principles and transparent business practices. The Group operates on the principle of zero tolerance for any form of corruption and, since 2018, has enforced a clear anti-corruption policy with clear reporting and whistleblowing procedures.

The Group has adopted an anti-corruption policy, which sets out the Group's views on the prevention of corrupt business practices and a code of conduct on potential conflicts of interests, the declaration of gifts and the reporting of integrity concerns. The policy applies to all of the Group's subsidiaries worldwide, the members of their governing bodies and employees, both permanent and temporary, and to all related parties and the members of their managing bodies and employees.

Conflict of Interest

Any employee of the Group carrying out a transaction on behalf of the Group is required to report any potential conflict of interest using a special form on the Group's insider page.

Declaration of Gifts

When offering, giving or accepting a gift, hospitality or entertainment, every employee should always ensure that the gift is not given with the intention or perspective of influencing or determining the recipient's decision making process or other activities.

The Anti-Corruption Policy requires that gifts with a value of EUR 50 or more must be declared. Gifts exceeding the value of EUR 100 per person may not be offered, provided or accepted without the approval of the Group's Management Board. Gifts are declared by using a special form on the Group's insider page.

Whistleblowing

The Group is committed to and promotes honest, open and lawful conduct and encourages its employees and other individuals to report information about actual or suspected wrongdoing or non-compliance in the Group's operations that the person has become aware of in connection with the performance of his or her work or professional duties in the Group or in connection with the provision of services to the Group. The purpose of reporting is to enable the Group to take the necessary action to remedy any existing wrongdoing in a timely manner and to prevent it from occurring in the future.

The Group also welcomes the submission of the whistleblowing reports in cases when the information about the actual or suspected wrongdoing was obtained during the establishment of a contractual relationship with the Group (e.g. application for a job, service contract etc.).

Any suspicion can be reported in free form description directly to the Head of Group's Internal Audit department, either via the e-mail or by using a special anonymous form on the Group's insider page.

During 2023 no significant incidents of material misconduct were reported.

Human Rights

The Group remains committed to upholding human rights, which includes taking action to prevent modern slavery and human trafficking in our business and supply chain. The Group adheres to high standards of ethical business conduct in all its operations, and expects its suppliers to adhere to the same standards in the way they conduct their business and treat their employees, suppliers and customers.

The Group's Supplier Code of Conduct reflects the Group's values and sets out the minimum anti-corruption and human rights requirements that the Group expects its suppliers and their sub-suppliers to meet when doing business with the Group.

Safety and Security

The safety and security of people, the environment and property remain the first and utmost priority in the Group's operations. The implemented SMS (Safety Management System) is kept up to date and fully operational at all levels of the Group's maritime operations. The SMS is fully compliant with the ISM (International Safety Management) and ISPS (International Ship Port Facility Security) Codes as well as the requirements of the International Standard ISO 14001:2015 for the Environmental Management Systems. The routines and procedures developed provide a solid basis for preventing any accidents, loss of life, and minimising the environment impact of the vessels and shore operations. The Group's SMS is audited regularly by different flag state authorities (Estonian, Finnish, Latvian, and Swedish Maritime Administrations, or recognised organisations duly authorised by these administrations) and by the certification body LRQA (ISO 14001 Environmental Management System).

The Group's SMS is designed, maintained and continuously improved to keep the Group's vessels, crew and passengers safe. Training the crew, developing their skills, improving their safety and security knowledge is an ongoing task, which is taken very seriously. Crew skills and knowledge are constantly tested and improved through various drills and exercises performed on a regular basis. Drills and tests are often conducted in cooperation with the relevant local authorities, where applicable. The competencies required are developed based on international standards, by identifying and assessing all possible risks. All possible measures are taken to mitigate and manage the risks identified. The Group continues to maintain the environmental and safety awareness of its crews at the highest possible level.

The Group ensures that its SMS remains in full compliance with applicable regulations issued by regulators and authorities (e.g., International Maritime Organization, European Union, maritime authorities of the flag states, certification bodies and other relevant organizations). The Group ensures that all applicable regulations are identified, strictly followed, timely implemented, and where possible, exceeded.

Ship Masters have overall and full responsibility for safety and security on board. The Group's onshore organisation provides comprehensive support to all the Group's vessels, irrespective of the flag they fly.

All the Group's vessels carry adequate lifesaving equipment at all times. Lifesaving equipment that meets all applicable safety standards and is always tested to be fully ready for immediate use in the case of an emergency. However, the Group's comprehensive nautical and good-seamanship practices, fully supported by a world-class safety and security organisation, help to avoid that any situations where lifesaving equipment would be required.

The Group's target is to keep accidents at or below at Lost Time Injury Frequency Rate (LTIFR) of 13.3 per annum. The LTIFR is defined as (number of lost time injuries in the relevant calendar year) x 1,000,000 / (total hours worked in the relevant calendar year). The LTIFR for 2023 was 10.7, well below the target of 13.3. No fatal incidents were reported in 2023.

A work-related injury is an injury to the health of an employee or death of an employee that occurs while performing work assigned by the employer or other work performed with the employer's permission, during a break included in working hours, or while performing any other activity in the interests of the employer. Definitions and reporting standards for occupational injuries may vary in the markets where the Group is active, including whether an injury is sustained while performing a work-related task while on duty or while performing a work-related task off duty but on the employer's premises, or whether an injury sustained while driving to work is or is not considered an occupational injury.

EU TAXONOMY REPORTING

In accordance with Article 8 (1) of the Taxonomy Regulation (EU) 2020/852, the Group is required to report how and to what extent its economic activities are associated with environmentally sustainable economic activities as defined in the taxonomy. The Taxonomy Regulation covers economic activity that can contribute to six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

For the climate change objectives, reporting is required for both eligibility and alignment. For the remaining objectives, only eligibility is currently evaluated. Alignment for the remaining objectives will be reported in the Annual Report for the financial year 2024.

Under Article 8 (2), the Group, as a non-financial undertaking, is required to disclose key performance indicators relating to turnover, capital expenditure and operating expenses. At present, three of the Group's economic activities are subject to the Taxonomy Regulation:

- transportation of freight by sea and coastal waters (CCM 6.10),
- transportation of passengers by sea and coastal waters (CCM 6.11), and
- hotels, holiday, camping grounds and similar accommodation (BIO 2.1).

The Group’s other activities, which include onboard restaurant and sales services, onshore restaurant services, online shop and onshore business are classified as taxonomy non-eligible activities. This applies also to the operation of vessels that do not provide transportation services but are used to provide accommodation services to refugees.

The Group has presented key performance indicators at the consolidated group level to avoid double counting.

The decrease in the proportion of turnover and operating expenses aligned with the taxonomy can be primarily attributed to a larger portion of the Group’s economic activities being conducted by newer ships (such as MyStar) equipped with modern propulsion systems, for which the Energy Efficiency Design Index (EEDI) is not issued. Taxonomy regulations utilise the EEDI to determine which ships are considered aligned with the taxonomy and which are not, without offering alternative criteria for ships that do not have an EEDI. Despite our new ships being more environmentally friendly than the older ones, we have categorized them as not aligned due to the reasons mentioned above. The Group is currently in contact with the Estonian Ministry of Climate to seek clarification on this matter.

The proportion of capital expenditure aligned with the taxonomy has decreased primarily due to last year's inclusion of the MyStar purchase, a significant investment aligned with the taxonomy. This year, the Group did not invest in new ships, resulting in a larger portion of capital expenditure being allocated to the maintenance and preservation of the current fleet.

KPIs Related to EU Taxonomy – Turnover (millions of euros)

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activity (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover year N-1 (18)	Category (enabling activity) (19)	Category '(transitional activity)' (20)
		Currency	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1 : Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	54.8	7%	7%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	11%		T
Activity 2 : Sea and coastal passenger water transport	CCM 6.11	87.2	10%	10%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	13%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**142.1**	**17%**	**17%**	**0.0**	**0%**	**0%**	**0%**	**0%**	**N/A**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**24%**		
Of which enabling		0.0	0%	0%															
Of which transitional		142.1	100%	100%															T
A.2 Taxonomy-Eligible but not aligned activities																			
Activity 1 : Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	48.0	6%														4%		
Activity 2 : Sea and coastal passenger water transport	CCM 6.11	135.6	16%														12%		
Activity 3 : Hotels, holiday, camping grounds and similar accommodation*	BIO 2.1	22.6	3%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		206.2	25%														16%		
Total (A.1 + A.2)		**348.2**	**42%**														**40%**		
B. Taxonomy non-eligible activities																			
Turnover of taxonomy non-eligible activities		487.1	58%																
Total (A+B)		**835.3**	**100%**																

KPIs Related to EU Taxonomy – Capital Expenditure (millions of euros)

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activity (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular Economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	Taxonomy-aligned proportion of CapEx year N-1 (18)	Category (enabling activity) (19)	Category '(transitional activity)' (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1 : Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	5.1	18%	18%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	46%		T
Activity 2 : Sea and coastal passenger water transport	CCM 6.11	7.7	27%	27%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	47%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**12.8**	**45%**	**45%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**92%**		
Of which enabling		0.0																	
Of which transitional		12.8	100%	100%															T
A.2 Taxonomy-Eligible but not aligned activities																			
Activity 1 : Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	2.5	9%														1%		
Activity 2 : Sea and coastal passenger water transport	CCM 6.11	3.3	12%														2%		
Activity 3 : Hotels, holiday, camping grounds and similar accommodation*	BIO 2.1	0.5	2%																
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**6.3**	**22%**														**3%**		
Total (A.1 + A.2)		**19.1**	**68%**														**95%**		
B. Taxonomy non-eligible activities																			
Capex from non-eligible activities		9.1	32%																
Total (A+B)		**28.2**	**100%**																

KPIs Related to EU Taxonomy – Operating Expenses (millions of euros)

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activity (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular Economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	Taxonomy-aligned proportion of OpEx year N-1 (18)	Category (enabling activity) (19)	Category '(transitional activity)' (20)
		%	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1 : Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	13.7	15%	15%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	8%		T
Activity 2 : Sea and coastal passenger water transport	CCM 6.11	11.1	12%	12%	0%	0%	0%	0%	0%	N/A	Y	Y	Y	Y	Y	Y	6%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**24.8**	**27%**	**27%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N/A**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**14%**		
Of which enabling		0.0	0%	0%															
Of which transitional		24.8	100%	100%															T
A.2 Taxonomy-Eligible but not aligned activities																			
Activity 1 : Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	8.0	9%														4%		
Activity 2 : Sea and coastal passenger water transport	CCM 6.11	8.0	9%														4%		
Activity 3 : Hotels, holiday, camping grounds and similar accommodation*	BIO 2.1	2.5																	
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**18.6**	**20%**														**8%**		
Total (A.1 + A.2)		**43.4**	**48%**														**23%**		
B. Taxonomy non-eligible activities																			
Opex from non-eligible activities		47.2	52%																
Total (A+B)		**90.6**	**100%**																

*The data presented in the tables on pages 54-56 should not be interpreted to imply that hotel and accommodation-related activities of the Group are not environmentally sustainable activities. For the financial year 2023, the regulation mandates solely the evaluation of the eligibility of such activities. Their alignment with the regulations has not yet been assessed and this is why these activities are categorised as eligible but not aligned.

Methodology

Eligibility

The **turnover** from services related to the taxonomy-eligible activities includes vessels' ticket revenue, revenue from the chartering of vessels, cargo revenue and revenue from hotels. The turnover from taxonomy-eligible activities does not include revenue from onboard and onshore restaurant and retail services and the online shop. The total turnover used to calculate the proportion of taxonomy-eligible activities in the Group's turnover includes total turnover without exceptions.

Taxonomy-eligible **capital expenditure** consists of investments in the Group's sea-going vessels and hotels. Due to the nature of the Group's economic activities, its vessels carry both passengers and cargo, therefore investments in vessels contribute to both types of activities. Technical investments in the Group's vessels are divided equally between passenger and freight transport activities. Capital expenditure related to the public areas of the vessels are allocated between activities according to the share of passengers and cargo drivers among the total number of passengers. The total capital expenditure used to calculate the proportion of taxonomy-eligible activities in the Group's capital expenditure includes total capital expenditure without exceptions.

Operating expenses related to taxonomy-eligible activities include costs directly related to the maintenance of vessels to ensure their continued and efficient operation. Operating expenses are broken down between passenger and cargo transport as follows: the operating expenses of cruise vessels are equally split between passenger and freight transport activities. The operating expenses of cargo vessels are fully allocated to freight transport. Total operating expenses for calculating the share of taxonomy-eligible activities in the Group's operating expenses include total costs related to maintenance of the Group's assets such as direct service and technical maintenance cost, personnel costs related to service and technical maintenance, the cost external maintenance services related to the assets, and IT costs arising from the development and maintenance of the IT equipment of the vessels and hotels.

Alignment

According to Article 3 of Regulation (EU) 2020/852, an activity is environmentally sustainable (i.e. taxonomy-aligned), if it:

- contributes substantially to one or more of the environmental objectives
- does not significantly harm any of the environmental objectives
- is carried out in compliance with the minimum safeguards
- complies with technical screening criteria

The Group's substantial contribution to **climate change mitigation** was assessed according to the technical criteria listed in Annex I to Delegated Regulation (EU) 2021/2139. The assessment was carried out vessel by vessel. First the Group calculated the EEXI (Energy Efficiency Existing Ship Index) value of a ship. In the case of passenger vessels, the EEXI value was compared to the threshold provided by the technical screening criteria in Annex I 6.11 (c)[1] to Delegated Regulation (EU) 2021/2139. Where the value of EEXI was below the threshold, the taxonomy-eligible turnover, capital expenditure and operating expenses that were associated with that vessel were classified as substantially contributing to climate change mitigation. For cargo vessels, the Group used the threshold provided by the technical screening criteria in Annex I 6.10 (c) to Delegated Regulation (EU) 2021/2139. Due to technical reasons or lack of data (in the case of chartered vessels) it was not possible to calculate the EEXI values for four vessels. The indicators of these vessels were classified as not aligned with the EU taxonomy.

To assess the Group's substantial contribution to **climate change adaptation,** the climate change adaptation risk analysis (as foreseen in Delegated Regulation (EU) 2021/2139, Annex I, Appendix A) was conducted in 2022, which revealed slight negative impact of the climate risks that are addressed through appropriate adaptation measures.

The Group provides taxonomy eligible services in the Baltic Sea, where strict environmental criteria are applied, compared with world and European average. The **Do No Significant Harm (DNSH)** principle is closely followed in daily operations and the Group's taxonomy eligible activities 6.10 and 6.11 are aligned with the DNSH principle according to the technical screening criteria established in Delegated Regulation (EU) 2021/2139. More information on activities carried out in 2023 to ensure the application of the DNSH principle is provided in a separate Sustainability Report to be published in 2024 on the Group's website.

An overview of the applied **minimum safeguards** is provided in detail in the respective sections of the Corporate Governance Report (Disclosure of Information, Financial Reporting and Audit) and the Environmental and the Corporate Social Responsibility chapter (Social Activities Across the Group, Anti-corruption Activities, Conflict of Interest, Whistleblowing, Human Rights) of the Annual Report.

Contextual (qualitative) Information

In accordance with Annex I to the Taxonomy Regulation, the Group is obliged to explain its key performance indicators and the reasons for any changes in these indicators during the reporting period. There were small revisions to the methodology for calculating eligibility figures:

- → The calculation of operating expenses was adjusted to include both service and technical maintenance of the Group's assets. Previously, only technical maintenance costs were included.
- → The adjusted methodology excludes broker fees.
- → In addition, other vessel expenses were narrowed to vessel IT expenses related to the development and maintenance of the equipment.

The majority of the additions to the Group's total operating expenses used to calculate the proportions are specific to sea-going vessels, therefore the proportions of taxonomy-aligned and taxonomy-eligible operating expenses improved significantly.

[1] The screening criteria provide value for the EEDI (Energy Efficiency Design Index), however, the EEDI is calculated only for new ships and not for existing ones. As the calculation principle is the same and the Group's fleet consists of existing ships that have no EEDI value, EEXI is used instead of the EEDI.

KPIs Related to the EU Taxonomy – Corrections of 2022 Figures

	Share of taxonomy-eligible capital expenditure, 2022	Share of taxonomy-eligible capital expenditure, 2022 (corrected)	Share of taxonomy-eligible operating expenses, 2022	Share of taxonomy-eligible operating expenses, 2022 (corrected)
Activity 1: Sea and coastal freight water transport, vessels for port operations and auxiliary activities	8%	14%	4%	11%
Activity 2: Sea and coastal passenger water transport	6%	12%	4%	11%
Taxonomy eligible activities	**14%**	**26%**	**8%**	**21%**

MANAGEMENT BOARD'S CONFIRMATION

The Management Board confirms that to the best of their knowledge the management report of AS Tallink Grupp for the year 2023, including the remuneration report, presents a true and fair view of significant events and their impact on the Group's results and financial position and includes an overview of the main risks and uncertainties.

Paavo Nõgene
Chairman of the Management Board

Elise Nassar
Member of the Management Board

Harri Hanschmidt
Member of the Management Board

Piret Mürk-Dubout
Member of the Management Board

Margus Schults
Member of the Management Board

28 March 2024

This audited annual report has been signed digitally.

Company's consolidated financial statements in pdf-format without European Single Electronic Format (ESEF) markups. The original document is submitted in machine-readable .xhtml format to the Nasdaq Tallinn Stock Exchange and digitally signed (Link://https://nasdaqbaltic.com/).


SILJA LINE

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Notes on pages 67-116 form an integral part of the financial statements

For the year ended 31 December, in thousands of EUR	**2023**	**2022**
Revenue (Note 4)	835 325	771 387
Cost of sales (Note 5)	-631 491	-657 917
Gross profit	203 834	113 470
Sales and marketing expenses (Note 5)	-42 162	-38 796
Administrative expenses (Note 5)	-52 401	-47 555
Impairment loss on receivables (Note 24)	-71	-153
Other operating income	4 275	10 871
Other operating expenses	-171	-164
Result from operating activities	113 304	37 673
Finance income (Note 5)	1 332	215
Finance costs (Note 5)	-36 864	-24 871
Share of loss of equity-accounted investees (Note 12)	-75	-90
Profit before income tax	77 697	12 927
Income tax (Note 6)	1 175	1 008
Net profit	78 872	13 935
Net profit attributable to equity holders of the Parent	78 872	13 935
Other compherensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-172	480
Other comprehensive income/loss	-172	480
Total comprehensive income	78 700	14 415
Total comprehensive income attributable to equity holders of the Parent	78 700	14 415
Basic and diluted profit per share (in EUR, Note 7)	0,106	0,019

Consolidated Statement of Financial Position

The Notes on pages 67-116 form an integral part of the financial statements

As at 31 December, in thousands of EUR	**2023**	**2022**
ASSETS		
Cash and cash equivalents (Note 8)	41 921	114 935
Trade and other receivables (Note 9)	31 766	31 380
Prepayments (Note 10)	7 661	9 379
Prepaid income tax	193	37
Inventories (Note 11)	41 411	39 965
Current assets	122 952	195 696
Investments in equity-accounted investees (Note 12)	0	75
Other financial assets and prepayments (Note 13)	4 794	3 622
Deferred income tax assets (Note 6)	21 840	21 840
Investment property	300	300
Property, plant and equipment (Note 14)	1 377 664	1 438 286
Intangible assets (Note 15)	27 671	31 823
Non-current assets	1 432 269	1 495 946
TOTAL ASSETS	1 555 221	1 691 642
LIABILITIES AND EQUITY		
Interest-bearing loans and borrowings (Note 16)	104 097	165 049
Trade and other payables (Note 18)	85 406	86 934
Payables to owners	6	6
Income tax liability	10	35
Deferred income (Note 19)	34 788	44 222
Current liabilities	224 307	296 246
Interest-bearing loans and borrowings (Note 16)	545 160	688 465
Non-current liabilities	545 160	688 465
Total liabilities	769 467	984 711
Share capital (Note 20)	349 477	349 477
Share premium (Note 20)	663	663
Reserves (Note 20)	67 056	66 363
Retained earnings	368 558	290 428
Equity attributable to equity holders of the Parent	785 754	706 931
Total equity	785 754	706 931
TOTAL LIABILITIES AND EQUITY	1 555 221	1 691 642

Consolidated Statement of Cash Flows

The Notes on pages 67-116 form an integral part of the financial statements

For the year ended 31 December, in thousands of EUR	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	78 872	13 935
Adjustments for:		
Depreciation and amortisation (Notes 14, 15)	101 224	98 136
Net gain/loss on disposals of property, plant and equipment	-15	-34
Net interest expense (Note 5)	35 290	24 622
Loss from equity-accounted investees (Note 12)	75	90
Net unrealised foreign exchange gain/loss	-198	341
Share option programme reserve	123	0
Income tax (Note 6)	-1 175	-1 008
Adjustments	135 324	122 147
Changes in:		
Receivables related to operating activities	-378	-2 036
Prepayments related to operating activities	1 718	-1 602
Inventories	-1 446	-5 334
Liabilities related to operating activities	-10 457	17 415
Changes in assets and liabilities	-10 563	8 443
Cash generated from operating activities	203 633	144 525
Income tax paid	-186	-227
NET CASH FROM OPERATING ACTIVITIES	203 447	144 298
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	-28 131	-203 322
Proceeds from disposals of property, plant and equipment	613	2 768
Interest received	1 332	215
NET CASH USED IN INVESTING ACTIVITIES	-26 186	-200 339
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans received (Note 16)	59 972	196 290
Repayment of loans received (Note 16)	-251 431	-110 055
Change in overdraft (Note 16)	-15	-165
Payment of lease liabilities	-21 519	-17 157
Interest paid	-32 827	-23 516
Payment of transaction costs related to loans	-4 455	-1 977
NET CASH FROM FINANCING ACTIVITIES	-250 275	43 420
TOTAL NET CASH FLOW	-73 014	-12 621
Cash and cash equivalents at the beginning of period	114 935	127 556
Change in cash and cash equivalents (Note 8)	-73 014	-12 621
Cash and cash equivalents at the end of period	41 921	114 935

Consolidated Statement of Changes in Equity

The Notes on pages 67-116 form an integral part of the financial statements

In thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Legal reserve	Share option programme reserve	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2022	349 477	663	840	33 364	32 159	0	290 428	706 931	706 931
Net profit for 2023	0	0	0	0	0	0	78 872	78 872	78 872
Other comprehensive income for 2023									
Exchange differences on translating foreign operations	0	0	-172	0	0	0	0	-172	-172
Total comprehensive income for 2023	0	0	-172	0	0	0	78 872	78 700	78 700
Transactions with owners of the Company recognised directly in equity									
Transfer from profit for 2022	0	0	0	0	2 789	0	-2 789	0	0
Transfer from revaluation reserve	0	0	0	-2 047	0	0	2 047	0	0
Share options (Note 21)	0	0	0	0	0	123	0	123	123
Total transactions with owners of the Company, recognised directly in equity	0	0	0	-2 047	2 789	123	-742	123	123
As at 31 December 2023	349 477	663	668	31 317	34 948	123	368 558	785 754	785 754

In thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Legal reserve	Share option programme reserve	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2021	349 477	663	360	35 411	32 159	0	274 446	692 516	692 516
Net profit for 2022	0	0	0	0	0	0	13 935	13 935	13 935
Other comprehensive income for 2022									
Exchange differences on translating foreign operations	0	0	480	0	0	0	0	480	480
Total comprehensive income for 2022	0	0	480	0	0	0	13 935	14 415	14 415
Transactions with owners of the Company recognised directly in equity									
Transfer from revaluation reserve	0	0	0	-2 047	0	0	2 047	0	0
Total transactions with owners of the Company, recognised directly in equity	0	0	0	-2 047	0	0	2 047	0	0
As at 31 December 2022	349 477	663	840	33 364	32 159	0	290 428	706 931	706 931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Corporate Information

The consolidated financial statements of AS Tallink Grupp (the "Parent") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2023 were authorised for issue by the Management Board on 28 March 2024.

According to the Estonian Commercial Code, the annual report including the consolidated financial statements prepared by the Management Board must first be approved by the Supervisory Board and ultimately by the General Meeting of Shareholders. Shareholders have the power not to approve the annual report prepared and presented by the Management Board and the right to request that a new annual report be prepared.

AS Tallink Grupp is a public limited company incorporated and domiciled in Estonia, with a registered office at Sadama 5 Tallinn. AS Tallink Grupp shares have been publicly traded on the Nasdaq Tallinn Stock Exchange since 9 December 2005.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation), EMTAK 50101 – Sea and coastal passenger water transport, EMTAK 50201 – Sea and coastal freight water transport, EMTAK 79121 – Travel agency activities. Further information on the Group's principal activities is presented in Note 4 Segment information. At 31 December 2023 the Group employed 4 912 people (4 904 at 31 December 2022).

Note 2 Basis of Preparation

2.1. Statement of Compliance

The consolidated financial statements of AS Tallink Grupp and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (hereinafter: IFRS EU).

2.2. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

→ equity securities are measured at fair value (Note 13)
→ ships are measured at revalued amounts (Note 14)

2.3. Changes in Accounting Policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023.

Changes in significant accounting policies

The Group applied the following amendments to standards initially on 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

Effective for annual periods beginning on or after 1 January 2023.

The amendments to IAS 1 aim to help entities provide accounting policy disclosures that are more useful by:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The Group has taken the forementioned amendments into account in preparing the financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective for annual periods beginning on or after 1 January 2023.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments had no material impact on the Group's financial statements when initially applied as these amendments provided guidance in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

Amendments to IAS 12 Income Taxes

Effective for annual periods beginning on or after 1 January 2023.

The amendments clarify the accounting for deferred tax on transactions that involve recognising both an asset and a liability with a single tax treatment related to both. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments had no material impact on the Group's financial statements when initially applied.

Amendments to IAS 1 Classification of liabilities as current or non-current, deferral of effective date

The amendments to IAS 1 on classification of liabilities as current or non-current were issued in January 2020 with an original effective date 1 January 2022. However in response to the COVID-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement the classification changes resulting from the amended guidance.

The amendments had no material impact on the Group's financial statements when initially applied.

Standards, interpretations and amendments to published standards that are not yet effective

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future.

- The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that: a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants

Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted. Specific transition requirements apply for companies that have early adopted the previously issued but not yet effective 2020 amendments.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, have removed the requirement for a right to be unconditional and instead require that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early). The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

Effective for annual periods beginning on or after 1 January 2024; to be applied retrospectively to the date when the entity initially applied IFRS 16. Early application is permitted.

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments. The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

In May 2023, the IASB issued amendments to IAS 12 Income Taxes, which provides temporary relief from the requirement to recognise and disclose deferred taxes arising the Pillar Two model rules. The relief is effective immediately upon issuance of the amendments on 23 May 2023 and applies retrospectively. Disclosure requirements, other than those about the relief, apply from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.

'Pillar Two taxes' are taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two model rules aim to ensure that large multinational groups pay taxes at least at the minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. There are three active mechanisms under Pillar Two model rules that countries can adopt: the income inclusion rule, the undertaxed payment rule and a qualified domestic minimum top-up tax. They are often referred to as 'global minimum top-up tax' or 'top-up tax'.

The amendments address stakeholders' concerns about deferred tax accounting in relation to the new top-up tax under IFRSs by

- providing entities with a temporary mandatory relief from deferred tax accounting for top-up tax; and
- requiring entities to provide new disclosures in relation to the top-up tax and the relief.

The Group will apply the amendments once the respective tax law is enacted. The Group expects that the amendments, when initially applied, will not have a material impact on its financial statements as Pillar Two rules include an exclusion for relevant shipping income.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability

Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency. IAS 21 was amended to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.

The Group plans to apply the amendments from 1 January 2025.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Other changes

Other new standards, amendments to standards and interpretations that are not yet effective are not expected to have a significant impact on the Group's financial statements.

2.4. Functional and Presentation Currency

The figures reported in the financial statements are presented in euros, which is the Parent's functional currency. All financial information presented in euros has been rounded to the nearest thousand unless otherwise indicated.

2.5. Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS (EU) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Lease Term

Judgement to determine whether the Group is reasonably certain to exercise extension options.

As at 31 December 2023, the Group had entered into lease agreements for 4 hotel buildings, 4 office buildings, 1 warehouse building, 22 restaurant buildings and 5 shops (31 December 2022: 4 hotel buildings, 4 office buildings, 1 warehouse building, 19 restaurant buildings and 5 shops). See Note 24 for more detailed information on the minimum lease payments of the lease agreements.

Assumptions and Estimation Uncertainty

The following assumptions and estimation uncertainties have a risk of resulting in a material adjustment in the next financial year:

Fair Value of Ships

For the purpose of revaluation, the Group determined the fair value of its ships as at 31 December 2023. The fair value of ships depends on many factors, including the year of construction, several technical parameters as well as how the ships have been maintained (i.e. how much the owner has invested in maintenance).

In order to assess the fair value of ships, the Group's management used independent appraisers and their opinions on fair value (including the stress-sale value of ships). Revaluation depends upon changes in the fair values of the ships. When the fair value of a ship differs materially from its carrying amount, a revaluation is required. Management is of the opinion that as at 31 December 2023 the carrying value of ships as a group did not materially differ from their fair value. Therefore, no revaluation was performed as at 31 December 2023. Further details are given in Note 3.2 and Note 14.

Assessment of Impairment of Right-of-Use Buildings and Premises

At each reporting date, the Group assesses whether any indications exist of possible impairment of right-of-use buildings. If such indications exist, an impairment test is performed. For estimation of the value, the items' value in use is determined. For determining the value in use, the discounted cash flow method is used. Further details are given in Note 14.

Determination of the Useful Lives of Property, Plant and Equipment and Intangible Assets

Management has estimated the useful lives and residual values of property, plant and equipment and intangible assets, taking into consideration the volumes of business activities, historical experience in this area and future outlook.

Management's estimates of the useful lives of the Group's property, plant and equipment and the Group's intangible assets are disclosed in Notes 3.2 and 3.3, respectively.

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2023 amounted to EUR 11 066 thousand (31 December 2022: EUR 11 066 thousand). Further details are given in Note 15.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

A deferred tax asset is recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details are provided in Note 6.

Note 3 Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1. Investments in Equity-Accounted Investees

Equity-accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Equity-accounted investees are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

3.2. Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment, except ships, are measured at cost, less accumulated depreciation and any impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Ships are measured at revalued amounts (i.e. fair value less depreciation charged subsequent to the date of the revaluation). Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

At the revaluation date, the carrying amount of ships is replaced with their fair value at the date of revaluation and accumulated depreciation is eliminated. Any revaluation surplus is recognised in other comprehensive income and presented in the revaluation reserve in equity. A revaluation deficit is recognised in loss, except that a deficit offsetting a previous surplus on the same asset, previously recognised in other comprehensive income, is offset against the surplus in the 'revaluation of ships'.

An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Depreciation is discontinued when the carrying value of an asset equals its residual value. The residual value of ships is based on their estimated realisable value at the end of their useful life.

Depreciation is calculated on a straight-line basis over the estimated useful life of assets as follows:

- buildings 5 to 50 years
- plant and equipment 3 to 10 years
- ships 17 to 40 years
- other equipment 2 to 5 years

Land is not depreciated.

Depreciation is calculated separately for two components of a ship: the vessel itself and dry-docking expenses as a separate component. This is based on the industry accounting practice.

The depreciation charge is calculated for each part of a ship on a straight-line basis over the estimated useful life as follows:

- ships 17 to 40 years
- capitalised dry-docking expenses 2 to 5 years

The residual values, depreciation methods and useful lives of items of property, plant and equipment are reviewed at least at each financial year-end and, if an expectation differs from previous estimates, the change is accounted for as a change in an accounting estimate.

The residual value is calculated as a percentage of the gross carrying amount of the ship.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in profit or loss (in 'other operating income' or 'other operating expenses') in the financial year the asset is derecognised.

3.3. Intangible Assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Subsequent Measurement

Goodwill is measured at cost less accumulated impairment losses.

Trademark

The cost of a trademark acquired as part of the acquisition of a business is its fair value as at the date of acquisition. Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Other Intangible Assets

Other intangible assets (the licences and development costs of IT programs, acquired customer contracts) are initially recognised at cost.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is expensed in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category according to the function of the intangible asset.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated on a straight-line basis over the estimated useful life of an intangible asset as follows:

→ trademarks	20 years
→ other intangible assets	5 to 10 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.4. Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The costs of inventories, consisting mostly of fuel, and merchandise purchased for resale are assigned by using the weighted average cost method and include expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing the inventories to their existing location and condition.

3.5. Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

At initial recognition of each accounts receivable balance and throughout its life, a lifetime credit loss is recognised in order to arrive at the appropriate impairment under IFRS 9. In order to calculate a lifetime expected credit loss the provision matrix method is used.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than ships, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of a cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6. Leases

The Group as a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-Term Leases and Leases of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as a Lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

3.7. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods – Restaurant and Shop Sales On-Board and Onshore

Revenue is recognised when the goods are delivered and have been accepted by customers at their locations, i.e. at the retail stores, bars and restaurants, generally for cash or by card payment.

Ticket Sale and Sale of Cargo Transport

Revenue from tickets and cargo transport is recognised as the services are rendered. At financial year-end, a revenue deferral is recorded for the part of revenue that has not yet been earned in relation to prepaid tickets and cargo shipments.

Sales of Hotel Accommodation

Revenue from sales of hotel accommodation is recognised when the rooms have been used by the clients. At financial year-end, a revenue deferral is recorded for the part of revenue that has not yet been earned in relation to prepaid room days.

Revenue from Travel Packages

The Group sells travel packages, which consist of a ship ticket, accommodation in a hotel not operated by the Group and tours in different cities not provided by the Group. The Group recognises the sales of travel packages in its revenue in full instead of recognising only the commission fee for accommodation, tours and entertainment events, as the Group is able to determine the price of the content of the package and has discretion in selecting the suppliers for the service. Revenue from sales of travel packages is recognised when the package is used by the client. Revenue from travel packages is part of ticket sales revenue.

Charter Income

Charter income arising from operating charters of ships is accounted for on a straight-line basis over the charter terms.

In these financial statements the term ‘charter’ refers to ‘lease’ as defined in IFRS 16.

Customer Loyalty Programme

The Group allocates a portion of the consideration received to Club One loyalty points. This allocation is based on the relative stand-alone selling price method. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities. See also Note 4 and Note 19.

3.8. Income Tax

Income tax expense comprises current and deferred tax.

Group Companies in Estonia

According to the Estonian Income Tax Act, for Group companies registered in Estonia, including the Parent, net profit is not subject to income tax, but dividends paid are subject to income tax of 14% or 20% (calculated as 14/86 or 20/80 of the net dividends to be paid in 2023). The potential tax liability from the distribution of the entire retained earnings as dividends is not recorded in the statement of financial position for Estonian Group companies. The amount of the potential tax liability from the distribution of dividends depends on the time, amount and sources of the dividend distribution.

There is a dividend taxation regime in Estonia including a lower income tax rate of 14% (14/86 of the net amount of the distribution) for regular profit distributions. The lower tax rate may be applied if the amount of the distribution does not exceed the Group's last three years' average profit distributions subject to taxation in Estonia. The portion of the distribution exceeding this threshold remains taxable at 20%.

In practice, a lower tax rate can be applied to dividends distributed in annual periods beginning on or after 2019. However, as dividends paid to individuals will be subject to an additional 7% income tax withholding, the change does not lighten the tax burden of shareholders who are individuals.

Income tax from the payment of dividends is recorded as income tax expense in the period in which the dividends are declared. The maximum income tax liability that could arise on the distribution of dividends is disclosed in Note 20.

Group companies in Cyprus

According to the income tax law of Cyprus, the net profit of shipping companies registered in Cyprus and operating with ships registered in the Cyprus ship register or/and having their business outside Cyprus, and the dividends paid by these companies, are not subject to income tax. Thus, there are no temporary differences between the tax bases and carrying values of assets and liabilities that may cause deferred income tax.

Other Foreign Group Companies and Permanent Establishments

In accordance with the income tax laws of other jurisdictions, a company’s net profit and the profit from permanent establishments, adjusted for temporary and permanent differences as determined by the local income tax legislation, is subject to current income tax in the countries in which the Group’s companies and permanent establishments have been registered (see Note 6).

Tax to be paid is reported under current liabilities and deferred tax positions are reported under non-current assets or liabilities.

3.9. Segment Reporting

The Group determines and presents operating segments based on the information that is provided internally to the Group's Management Board that is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s Management Board to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment (geographical segment), or in providing related products or services (operating segment), and which is subject to risks and returns that are different from those of other segments.

Segment information is presented in respect of the Group's geographical segments (by routes).

Inter-segment pricing is determined on an arm's length basis.

Segment expense is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of expenses that can be allocated to the segment on a reasonable basis, including expenses relating to sales to external customers and expenses relating to transactions with other segments of the Group. Segment expense does not include administrative expenses, interest expense, income tax expense and other expenses that arise at the Group level and are related to the Group as a whole. Expenses incurred at the Group level on behalf of a segment are allocated to the segment on a reasonable basis, if these expenses relate to the segment's operating activities and can be directly attributed or allocated to the segment.

Segment results that are reported to the Management Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets do not include assets used for general Group or head office purposes or which cannot be allocated directly to the segment. Segment assets include operating assets shared by two or more segments if a reasonable basis for allocation exists.

Segment liabilities are those liabilities that are incurred by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Expenses, assets and liabilities which are not directly related to a segment or cannot be allocated to a segment are presented as unallocated expenses, assets and liabilities of the Group.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.10. Determination of Fair Values

Ships (Level 3)

The market value of ships is the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The Group uses independent appraisers to determine the fair value of the ships. The fair value is calculated using the weighted average of the appraisers' valuations and stress-sale valuations. No revaluation will be carried out if the difference between calculated fair value and book value is immaterial. The frequency of revaluation depends upon changes in the fair values of the ships. When the fair value of a ship differs materially from its carrying amount, a revaluation is required.

Non-Derivative Financial Liabilities (Levels 1 and 2)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3.11. Financial information of the Parent

In accordance with the Estonian Accounting Act, the notes to the consolidated financial statements have to include the separate primary financial statements (i.e. statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, collectively referred to as primary financial statements) of the Parent. The separate primary financial statements of AS Tallink Grupp are disclosed in Note 26 Primary Financial Statements of the Parent. These statements have been prepared using the same accounting policies and measurement bases that were used on the preparation of the consolidated financial statements, except for investments in subsidiaries which are stated at cost in the separate primary financial statements of the Parent.

Note 4 Segment Information

The Group's operations are organised and managed separately according to the nature of the different markets. As at 31 December 2023 the Group operated in the following business segments:

- Estonia-Finland route: 3 ships (31 December 2022: 3 vessels)
- Estonia-Sweden routes: 3 ships (31 December 2022: 3 vessels)
- Finland-Sweden routes: 3 ships (31 December 2022: 3 vessels)
- Other segment
  - Vessels chartered out by the Group: 5 ships (31 December 2022: 6 vessels)[1]
  - Vessels in lay-up: 1 ship (31 December 2022: no vessels)[2]
  - Hotels in Estonia: 3 hotels (31 December 2022: 3 hotels)
  - Hotels in Latvia : 1 hotel, reopened in spring 2023 (31 December 2022: 1 hotel, operations suspended)
  - Shops in Estonia: 5 shops (31 December 2022: 5 shops)
  - Online shop: 1 shop (31 December 2022: 1 shop)
  - Restaurants in Estonia: 10 restaurants (31 December 2022: 10 restaurants)
  - Restaurants in Latvia: 7 restaurants (31 December 2022: 5 restaurants)
  - Restaurants in Lithuania: 6 restaurants (31 December 2022: 5 restaurants)

[1] As the chartering out of vessels is not the Group's core business chartered out ships are shown under Other segment.

[2] The ship reported in this category on 31 December 2023 is included in the number of 6 ships charted out on 31 December 2022.

The following tables present the Group's revenue and profit as well as certain asset and liability information regarding reportable segments for the years ended 31 December 2023 and 31 December 2022.

Geographical Segments – by the Location of Assets

For the year ended 31 December, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Finland-Sweden routes	Other	Intersegment elimination	Total
2023						
Sales to external customers	297 977	90 755	257 080	189 513	0	835 325
Intersegment sales	0	0	0	6 485	-6 485	0
Revenue	297 977	90 755	257 080	195 998	-6 485	835 325
Segment result	78 961	4 471	23 763	54 477	0	161 672
Unallocated expenses						-48 368
Net financial items						-35 532
Share of profit/loss of equity-accounted investees						-75
Profit/loss before income tax						77 697
Income tax						1 175
Net profit/loss for the period						78 872
Segment's assets	639 044	153 400	305 854	395 413	-375	1 493 336
Unallocated assets						61 885
Assets						1 555 221
Segment's liabilities	29 037	10 615	49 317	106 387	-375	194 981
Unallocated liabilities						574 486
Liabilities						769 467
Capital expenditures						
Segment's property, plant and equipment	1 469	3 621	12 649	4 952	0	22 691
Unallocated property, plant and equipment						2 942
Segment's intangible assets	0	0	0	411	0	411
Unallocated intangible assets						2 087
Depreciation	14 090	8 273	20 477	46 882	0	89 722
Unallocated depreciation						4 913
Amortisation	635	200	548	460	0	1 843
Unallocated amortisation						4 746

For the year ended 31 December, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Finland-Sweden routes	Other	Intersegment elimination	Total
2022						
Sales to external customers	277 806	76 835	274 314	142 432	0	771 387
Intersegment sales	0	0	0	4 997	-4 997	0
Revenue	277 806	76 835	274 314	147 429	-4 997	771 387
Segment result	51 664	-10 997	-941	34 948	0	74 674
Unallocated expenses						-37 001
Net financial items						-24 656
Share of profit/loss of equity-accounted investees						-90
Profit/loss before income tax						12 927
Income tax						1 008
Net profit/loss for the period						13 935
Segment's assets	570 069	157 184	317 380	511 676	-462	1 555 847
Unallocated assets						135 795
Assets						1 691 642
Segment's liabilities	28 657	9 843	54 194	128 257	-462	220 489
Unallocated liabilities						764 222
Liabilities						984 711
Capital expenditures						
Segment's property, plant and equipment	255 101	4 829	2 295	9 327	0	271 552
Unallocated property, plant and equipment						-70 680
Segment's intangible assets	40	0	103	698	0	841
Unallocated intangible assets						1 609
Depreciation	15 869	9 890	23 640	36 696	0	86 095
Unallocated depreciation						5 121
Amortisation	559	259	563	336	0	1 717
Unallocated amortisation						5 203

Revenue by Type of Services and Goods Sold

For the year ended 31 December, in thousands of EUR	Routes 2023	Other 2023	Total 2023	Routes 2022	Other 2022	Total 2022
Revenue from contracts with customers						
Restaurant and shop sales on-board and onshore	325 789	65 209	390 998	323 958	54 205	378 163
Ticket sales	217 502	0	217 502	191 920	0	191 920
Sales of cargo transport	91 007	0	91 007	103 183	0	103 183
Sales of accommodation	0	15 009	15 009	0	11 325	11 325
Other	5 435	8 116	13 551	3 573	11 094	14 667
Total revenue from contracts with customers	639 733	88 334	728 067	622 634	76 624	699 258
Revenue from other sources						
Income from charter of vessels	0	101 179	101 179	0	65 808	65 808
Other	6 079	0	6 079	6 321	0	6 321
Total revenue from other sources	6 079	101 179	107 258	6 321	65 808	72 129
Total revenue of the Group	645 812	189 513	835 325	628 955	142 432	771 387

Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In thousands of EUR	31 December 2023	31 December 2022
Trade and other receivables	31 766	31 380
Contract liabilities		
Club One points	7 508	7 016
Prepaid revenue	27 280	37 206
Total contract liabilities	34 788	44 222

The contract liabilities relate to the advance consideration received from customers and to the unredeemed customer loyalty points. Loyalty points are recognised as revenue when the points are redeemed by customers, which is expected to occur over the next two years. During the reporting period EUR 34 633 thousand included in contract liabilities at 31 December 2022 has been recognised as revenue (2022: EUR 20 209 thousand).

Note 5 Operating Expenses and Financial Items

Cost of Sales

For the year ended 31 December, in thousands of EUR	2023	2022
Cost of goods sold	-170 561	-160 556
Staff costs	-131 729	-120 018
Fuel costs	-97 189	-144 141
Depreciation and amortisation (Notes 14, 15)	-89 562	-85 894
Port & stevedoring costs	-69 943	-77 198
Ships' operating expenses	-53 584	-51 607
Other costs	-12 960	-12 348
Cost of travel package sales	-5 963	-6 155
Total cost of sales	-631 491	-657 917

Sales and Marketing Expenses

For the year ended 31 December, in thousands of EUR	2023	2022
Advertising expenses	-15 396	-14 811
Staff costs	-21 470	-19 580
Depreciation and amortisation (Notes 14, 15)	-2 003	-1 918
Other costs	-3 293	-2 487
Total sales and marketing expenses	-42 162	-38 796

Administrative Expenses

For the year ended 31 December, in thousands of EUR	2023	2022
Staff costs	-27 757	-23 255
Depreciation and amortisation (Notes 14, 15)	-9 659	-10 324
Other costs	-14 985	-13 976
Total administrative expenses	-52 401	-47 555

During the reporting period EUR 113 thousand of audit fees of AS Tallink Grupp are included under other costs (2022: EUR 87 thousand).

Specification of Staff Costs Included in the Cost of Sales, Sales and Marketing Expenses and Administrative Expenses

For the year ended 31 December, in thousands of EUR	2023	2022
Wages and salaries	-161 289	-148 934
Government grants	27 979	32 519
Social security costs	-46 328	-44 592
Staff training costs	-845	-549
Other staff costs	-473	-1 297
Total staff costs	-180 956	-162 853

During the reporting period EUR 27 979 thousand was deducted from the cost of sales in connection with government grants related to seamen's salaries in Estonia, Finland and Sweden (2022: EUR 32 519 thousand). The grants are received according to laws.

Government grants receivable are disclosed in Note 9.

Finance Income and Finance Costs Recognised in Profit or Loss

For the year ended 31 December, in thousands of EUR	2023	2022
Income from other financial assets	1 332	215
Total finance income	1 332	215
Net foreign exchange loss	-242	-34
Interest expense on financial liabilities measured at amortised cost	-34 389	-22 447
Interest expense on lease liabilities related to right-of-use assets	-2 233	-2 390
Total finance costs	-36 864	-24 871
Net finance costs	-35 532	-24 656

Note 6 Income Tax

Income tax contains current income tax and deferred income tax.

Swedish, Finnish, German, Singaporean and Russian (dormant entity) Subsidiaries and Polish Branch Office

In accordance with the Swedish, Finnish, German, Singaporean, Polish and Russian (dormant entity) tax laws, a company's net profit, adjusted for temporary and permanent differences as determined by the local income tax legislation, is subject to income tax in Finland, Sweden, Germany, Poland, Singapore and Russia (dormant entity). As at 31 December 2023, the tax rate was 20% in Finland, 20.6% in Sweden, 15% in Germany, 19% in Poland, 17% in Singapore and 20% in Russia (dormant entity) (as at 31 December 2022, 20% in Finland, 20.6% in Sweden, 15% in Germany, 19% in Poland, 17% in Singapore and 20% in Russia (dormant entity)).

Income Tax Expense

Major components of the Group's income tax expense for the year ended 31 December:

For the year ended 31 December, in thousands of EUR	2023	2022
Finnish subsidiaries	0	-178
Other subsidiaries	-5	1
Estonian subsidiaries and Parent company	1 180	1 185
Current period tax income	1 175	1 008
Swedish subsidiaries	-414	-353
Finnish subsidiaries	414	353
Deferred tax expense	0	0
Total tax income	1 175	1 008

Reconciliation of the Effective Tax Rate

For the year ended 31 December, in thousands of EUR	2023	%	2022	%
Profit before tax	77 697		12 927	
Current income tax income in foreign jurisdictions	1 175	1,51%	1 008	7,80%
Change in recognised tax losses	-583	-0,75%	-583	-4,51%
Change in temporary differences	583	0,75%	583	4,51%
Income tax income	1 175	1,51%	1 008	7,80%

Deferred Tax Assets and Liabilities

According to German, Finnish, Swedish, Polish, Singaporean and Russian (dormant entity) legislation it is permissible to use higher depreciation and amortisation rates for taxation purposes and thereby defer tax payments. These deferrals are shown as deferred tax liabilities. The Finnish and Swedish subsidiaries have also carry-forwards of tax losses, which are considered in the calculation of deferred tax assets.

Deferred Tax Assets and Liabilities are Attributable to the Following

As at 31 December, in thousands of EUR	Assets 2023	Liabilities 2023	Assets 2022	Liabilities 2022
Tax loss carry-forward[1]	23 292	0	23 875	0
Intangible assets	0	-1 452	0	-2 035
Tax assets / liabilities	23 292	-1 452	23 875	-2 035
Offset of assets and liabilities	-1 452	1 452	-2 035	2 035
Tax assets	21 840	0	21 840	0

[1] Deferred tax assets of EUR 22 630 thousand (2022: EUR 22 799 thousand) in Finland and of 662 thousand (2022: EUR 1 076 thousand) in Sweden have been recognised in respect of losses carried forward. The recognised Finnish tax losses will expire from 2028 to 2032 (2022: 2028-2032) and the Swedish tax losses have no expiration date. The tax losses of the Finnish subsidiary that will expire before 2028 have not been recognised due to estimation uncertainty. Such unrecognised tax losses amounted to EUR 108 443 thousand as at 31 December 2023 (EUR 161 814 thousand as at 31 December 2022).

The Group has recognised deferred tax assets to the extent that the losses carried forward will be offset against projected future taxable profits. The estimations are based on the business plan of the Finnish operations for the year 2024 and beyond. The revenue growth rate of the Finnish operations for the years 2024-2033 used in the calculations was 1.0-11.5% and the growth rate used for the cost increase was 1.0-5.6% (as at 31 December 2022, the revenue growth rate of the Finnish operations for the years 2023-2032 used in the calculations was 1.0-7.0% and the growth rate used for the cost increase was 1.0-7.1%).

The sensitivity of the value of recognised deferred tax assets to the main assumptions of the projected future taxable profits is as follows: 1) +/- 10 percentage point change in the average revenue growth rate for the years 2024-2033 would change the value of recognised tax assets by EUR +2 151 thousand / EUR -2 739 thousand, respectively; 2) +/- 3 percentage point change in average operating cost growth rate relative to revenues for the years 2024-2033 would change the value of recognised tax assets by EUR -244 thousand / EUR +2 151 thousand, respectively.

Movements in Deferred Tax Balances

As at 31 December, in thousands of EUR	Balance as at 31 December 2023	Recognised in profit in 2023	Balance as at 31 December 2022
Tax loss carry-forward	23 292	0	23 875
Intangible assets	-1 452	0	-2 035
Net deferred tax asset	21 840	0	21 840

Note 7 Earnings Per Share (EPS)

EPS are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

As at 31 December, in thousands	2023	2022
Shares issued	743 569	743 569
Shares outstanding	743 569	743 569

For the year ended 31 December, in thousands of EUR	2023	2022
Weighted average number of ordinary shares outstanding (in thousands)	743 569	743 569
Effect of share options on issue	716	0
Weighted average number of ordinary shares outstanding (in thousands, diluted)	744 285	743 569
Net profit attributable to equity holders of the Parent	78 872	13 935
EPS (EUR)	0,106	0,019
Diluted EPS (EUR)	0,106	0,019

Note 8 Cash and Cash Equivalents

As at 31 December, in thousands of EUR	2023	2022
Cash at bank and in hand	40 173	42 883
Cash in transit	767	411
Short-term deposits	981	71 641
Total cash and cash equivalents	41 921	114 935

Cash at bank earns interest at floating rates based on daily bank deposit rates. In 2023 the rates were in the range of 0.00-3.80% including short-term deposits (2022: 0.00-1.75%).

Short-term deposits are overnight deposits with the maturity date of 1 January 2024.

The Group’s exposure to currency risk is disclosed in Note 24.

Note 9 Trade and Other Receivables

As at 31 December, in thousands of EUR	2023	2022
Trade receivables	17 984	20 384
Allowance for doubtful receivables	-534	-481
Government grants receivable	12 859	9 123
Receivables from related parties	30	43
Other receivables	1 427	2 311
Total trade and other receivables	31 766	31 380

During the reporting period EUR 71 thousand of trade receivables was expensed as doubtful and uncollectible (2022: EUR 153 thousand).

The Group's exposure to the credit and currency risks of receivables (excluding government grants receivable) is disclosed in Note 24. Additional information about government grants is disclosed in Note 5.

Note 10 Prepayments

As at 31 December in thousands of EUR	2023	2022
Prepaid expenses	5 209	6 462
Tax prepayments	2 452	2 917
Total prepayments	7 661	9 379

As at 31 December in thousands of EUR	2023	2022
Tax prepayments		
VAT	1 507	2 049
Other prepayments	945	868
Total tax prepayments	2 452	2 917

The balance of prepaid expenses includes mostly prepayments for insurance.

Note 11 Inventories

As at 31 December, in thousands of EUR	2023	2022
Raw materials (mostly fuel)	4 520	4 681
Goods for sale	36 891	35 284
Total inventories	41 411	39 965

Fuel price risk

The Group is exposed to fuel price risk as part of the fuel used for ship operations is purchased at market prices. For more information, see Note 24.

Note 12 Investments in Equity-Accounted Investees

At 31 December 2023 the Group had a 34% interest in the equity-accounted investee Tallink Takso AS, incorporated in Estonia (as at 31 December 2022: 34%).

In thousands of EUR	2023	2022
Investments at the beginning of financial year	75	165
Share of loss of equity-accounted investee	-75	-90
Investments at the end of financial year	0	75

The key figures of the equity-accounted investee Tallink Takso AS are below. The figures as at and for the year ended 31 December 2023 are unaudited (Tallink Takso AS is exempt from audit). The figures reflect 100% of the assets, liabilities and result of the associate.

In thousands of EUR	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
As at 31 December 2023	250	194	444	438	7	445
As at 31 December 2022	293	267	560	325	14	339

In thousands of EUR	Revenues	Expenses	Loss	Equity
For the year ended 31 December 2023	2 359	2 569	-210	-1
For the year ended 31 December 2022	2 353	2 281	-271	221

Note 13 Other Long-term Financial Assets and Other Prepayments

As at 31 December, in thousands of EUR	2023	2022
Equity securities	177	177
Other receivables	324	332
Prepaid expenses	4 293	3 113
Total other financial assets	4 794	3 622

Note 14 Property, Plant and Equipment

In thousands of EUR	Land and buildings	Ships[1]	Plant and equipment	Right-of-use assets	Assets under construction	Total
Book value as at 31 December 2022	2 785	1 287 715	47 932	96 504	3 350	1 438 286
Additions	0	317	10 349	8 917	15 044	34 627
Reclassification	0	12 122	1 949	0	-14 071	0
Disposals	0	-360	-176	-78	0	-614
Depreciation for the period	-229	-61 645	-14 898	-17 863	0	-94 635
Book value as at 31 December 2023	2 556	1 238 149	45 156	87 480	4 323	1 377 664
As at 31 December 2023						
Gross carrying amount	10 065	1 916 638	141 335	164 130	4 323	2 236 491
Accumulated depreciation	-7 509	-678 489	-96 179	-76 650	0	-858 827
Book value as at 31 December 2021	1 582	1 082 535	50 472	108 809	79 955	1 323 353
Additions	1 388	175 893	7 152	8 245	16 362	209 040
Reclassification	0	87 152	5 892	0	-92 967	77
Disposals	0	-2 587	-159	-222	0	-2 968
Depreciation for the period	-185	-55 278	-15 425	-20 328	0	-91 216
Book value as at 31 December 2022	2 785	1 287 715	47 932	96 504	3 350	1 438 286
As at 31 December 2022						
Gross carrying amount	10 065	1 908 961	131 139	156 638	3 350	2 210 153
Accumulated depreciation	-7 280	-621 246	-83 207	-60 134	0	-771 867

[1] Additions and reclassifications include the delivery of the shuttle vessel MyStar with a total cost of EUR 252 027 thousand in 2022.

Right-of-use assets by classes of property, plant and equipment

In thousands of EUR	Buildings and premises	Plant and equipment	Total right-of-use assets
Book value as at 31 December 2022	95 707	797	96 504
Additions	8 915	2	8 917
Disposals	-76	-2	-78
Depreciation for the period	-17 524	-339	-17 863
Book value as at 31 December 2023	87 022	458	87 480
As at 31 December 2023			
Gross carrying amount	162 672	1 458	164 130
Accumulated depreciation	-75 650	-1 000	-76 650
Book value as at 31 December 2021	108 340	469	108 809
Additions	7 548	697	8 245
Disposals	-184	-38	-222
Depreciation for the period	-19 997	-331	-20 328
Book value as at 31 December 2022	95 707	797	96 504
As at 31 December 2022			
Gross carrying amount	154 910	1 728	156 638
Accumulated depreciation	-59 203	-931	-60 134

Testing Right-of-Use Assets for Impairment

The Group's right-of-use assets are measured at cost, less accumulated depreciation and any impairment. At the end of the reporting period the Group assesses whether there is any indication of impairment.

As at 31 December 2023, the recoverable amount of operational hotels right-of-use lease assets was tested for impairment (book value EUR 57 783 thousand) using the discounted cash flow method. For testing purposes the Group used a detailed budget for the year 2024, and a strategic forecast for the years 2025-2032, which included revenues, expenses and investing activities (2022: a detailed budget for 2023 and a strategic forecast for 2024-2032). For the Estonian hotels, the combined revenue growth rate used in the calculations was 2.5%-14.6% for the years 2024-2032 and the combined operating expense growth rate was 1.5%-5.1% (2022: 2024-2032 revenue growth rate 1.7%-7.3% and operating expense growth rate 2.5%-14.3%). A weighted average cost of capital of 10.0% was used for the years 2024-2025 and 7.58% for 2026-2032 (2022: 10.0% for 2023-2024 and 7.03% for 2025-2032). The Latvian hotel was re-opened in April 2023; the revenue growth rate used for the testing period 2024-2030 was 2.7%-100.1% and the operating expense growth rate was 1.7%-17.3% (2022: 2024-2030 the revenue growth rate was 1.7%-26.3% and the operating expense growth rate was 2.7%-8.8%). For the Latvian hotel, a weighted average cost of capital of 10.0% was used for the years 2024-2025 and 8.14% for 2026-2030 (2022: 10.0% for 2023-2024 and 7.48% for 2025-2030).

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Management is of the opinion that as at 31 December 2023 there were no material differences between the carrying amounts and fair values (as well as at 31 December 2022).

Revaluation of Ships

The Group's vessels are measured at revalued amounts, which are determined using fair value at the end of the reporting period.

The Group used the valuations of three independent appraisers to determine the fair value of ships. Fair value was determined by reference to market-based inputs, which are mainly unobservable (level 3 under the fair value hierarchy). The Group's management also take into consideration the expected cash flows of chartered ships if needed. The following table shows the valuation techniques used in measuring the ships' fair values, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Market comparison technique, cost approach: independent appraisers consider both approaches. They scan the market and look at second-hand sales of similar ships and analyse general demand for the particular ship in various parts of the world. Also, they look at the construction cost of the ship less reasonable depreciation and the construction prices of similar new ships today.	Sales prices of similar ships Level of demand for particular ships Construction prices of ships Maintenance and repair programme of ships

The frequency of revaluations depends on changes in fair values which are assessed at each year-end. When fair value differs materially from the carrying amount, further revaluation is performed. Management is of the opinion that as at 31 December 2023 there were no material differences between the carrying amounts and fair values (as well as at 31 December 2022).

As a result of the pandemic that affected ship operations over the past years, and the war in Ukraine, the market is very illiquid with very few transactions made in this segment of tonnage. Therefore, the valuations are to be deemed uncertain. Depending on how the situation develops and when passenger traffic resumes to its full extent the values are subject to adjustment in the short term. Management is of the opinion that buyers of this type of asset normally have a long-term view and a planning horizon stretching to 20-30 years and therefore possible market fluctuations are to be regarded as temporary.

If the ships were measured using the cost model, the carrying amounts would be as follows:

As at 31 December 2023	**In thousands of EUR**
Cost	2 039 309
Accumulated depreciation	-832 477
Net carrying amount	1 206 832

As at 31 December 2022	**In thousands of EUR**
Cost	2 031 631
Accumulated depreciation	-777 280
Net carrying amount	1 254 351

Due to the annual transfer from the revaluation reserve to retained earnings (the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost) the revaluation reserve was decreased as at 31 December 2023 by EUR 2 047 thousand (2022: EUR 2 047 thousand) and retained earnings were increased by the same amount.

As at 31 December 2023 the Group's ships with a book value of EUR 1 238 149 thousand (2022: EUR 1 267 423 thousand) were encumbered with first or second ranking mortgages to secure the Group's bank loans (see also Note 16).

Note 15 Intangible Assets

In thousands of EUR	Goodwill[1]	Trademark[2]	Other[3]	Assets under construction	Total
Book value as at 31 December 2022	11 066	10 174	10 045	538	31 823
Additions	0	0	598	1 900	2 498
Reclassification	0	0	1 778	-1 778	0
Disposals	0	0	0	-61	-61
Amortisation for the period	0	-2 916	-3 673	0	-6 589
Book value as at 31 December 2023	11 066	7 258	8 748	599	27 671
As at 31 December 2023					
Cost	11 066	58 288	38 698	599	108 651
Accumulated amortisation	0	-51 030	-29 950	0	-80 980
Book value as at 31 December 2021	11 066	13 090	11 426	711	36 293
Additions	0	0	167	2 360	2 527
Reclassification	0	0	2 456	-2 533	-77
Amortisation for the period	0	-2 916	-4 004	0	-6 920
Book value as at 31 December 2022	11 066	10 174	10 045	538	31 823
As at 31 December 2022					
Cost	11 066	58 288	44 071	538	113 963
Accumulated amortisation	0	-48 114	-34 026	0	-82 140

Intangible Asset Classes

[1] Goodwill in the amount of EUR 11 066 thousand is related to Estonia-Finland route segment. In the impairment test of goodwill related to Estonia-Finland route, the recoverable amount was identified based on value in use. Management calculated value in use based on five-year cash flow perpetuity and using a discount rate of 7.58% (2022: 7.60%). There was no need to recognise an impairment loss.

[2] A trademark of EUR 58 288 thousand was recognised in connection with the acquisition of Silja OY Ab in 2006. The fair value of the trademark at the acquisition date was determined using the relief from royalty method. As at 31 December 2023 the remaining amortisation period of the trademark was 2.5 years.

As at 31 December 2023, the book value of the trademark was tested for impairment. The average annual revenue growth rate of 1.3% (2022: 1.6%), a royalty rate of 2.25% (2022: 2.25%) and an equity discount rate of 10.8% (2022: 11.2%) were used. There was no need to recognise an impairment loss.

[3] Other intangible assets include mostly the licences and the development costs of IT software. The licenses have finite lives and are amortised over 5 to 10 years. Amortisation of intangible assets is

recorded in profit or loss under cost of sales, sales and marketing expenses and administrative expenses.

Note 16 Interest-Bearing Loans and Borrowings

As at 31 December 2023, in thousands of EUR	Maturity	Current portion	Non-current portion	Total borrowings
Lease liabilities	2024-2026	68	58	126
Lease liabilities related to right-of-use assets	2024-2033	18 136	76 282	94 418
Long-term bank loans	2024-2034	85 893	468 820	554 713
Total borrowings		104 097	545 160	649 257

As at 31 December 2022, in thousands of EUR	Maturity	Current portion	Non-current portion	Total borrowings
Lease liabilities	2023-2024	67	10	77
Lease liabilities related to right-of-use assets	2023-2033	20 958	86 137	107 095
Overdraft		15	0	15
Long-term bank loans[1]	2023-2034	144 009	602 318	746 327
Total borrowings		165 049	688 465	853 514

[1]Long-term bank loans include a loan from the financial institution SA Kredex of EUR 100 000 thousand.

The lease liabilities related to right-of-use assets are recognised on the statement of financial position according to IFRS 16. As at 31 December 2023, the weighted average interest rate implicit in the lease liabilities related to right-of-use-assets was 2.3% in 2023 (2022: 2.2%).

As at 31 December 2023 the Group had the right to use bank overdrafts of up to EUR 75 000 thousand (2022: EUR 135 000 thousand). Bank overdrafts are secured with a commercial pledge of EUR 20 204 thousand (2022: EUR 20 204 thousand) and mortgages on ships (see Note 14). As at 31 December 2023, the balance of overdrafts in use was zero (2022: EUR 15 thousand). The weighted average effective interest rate of bank overdrafts was EURIBOR+2.63% (2022: EURIBOR+2.91%).

Long-term bank loans are denominated in euros. The Group has loan agreements with fixed and floating interest rates. As at 31 December 2023, the weighted average interest rate for long-term bank loans (including EURIBOR component) was 4.37% (2022: 4.07%).

As at 31 December 2023 AS Tallink Grupp had given guarantees to Nordea Bank Finland Plc and KfW IPEX-Bank GmbH for loans granted to its ship-owning subsidiaries. The book value of such loans was EUR 260 056 thousand on 31 December 2023 (2022: EUR 404 462 thousand; guarantees were given to Nordea Bank Finland Plc, KfW IPEX-Bank GmbH and Nordic Investment Bank). Ship-owning subsidiaries had given guarantees to Nordea Bank Abp, filial i Norge for the loans granted to AS Tallink Grupp. As at 31 December 2023 the book value of such loans was EUR 294 657 thousand (31 December 2022: EUR 341 865 thousand; guarantees were given to Nordea Bank Abp, Swedbank AS and SA KredEx). Primary securities for the loans are the ships belonging to the overseas subsidiaries and a pledge of the shares in these subsidiaries.

The Group has issued counter guarantees to the commercial banks that have issued guarantees to mainly governmental authorities in favour of Group entities required to perform the Group's daily operations. As at 31 December 2023 the total amount of the guarantees was EUR 7 624 thousand (2022: EUR 7 132 thousand). The guarantees issued are not recognised in the statement of financial position as, according to historical experience and management's estimations, none of them is expected to turn into an actual liability.

In the loan agreements signed with banks, the Group has agreed to comply with financial covenants related to ensuring certain equity, liquidity and other ratios. As at 31 December 2023 and during 2023 the Group was in compliance with all the covenants as agreed with banks.

Reconciliation of Liabilities Arising from Financing Activities

In thousands of EUR	Bank overdrafts	Long-term bank loans	Lease liabilities	Right-of-use assets' liabilities	Share capital	Reserves	Retained earnings	Total
Balance as at 31 December 2022	15	746 327	77	107 095	349 477	66 363	290 428	1 559 782
Changes from financing cash flows								
Proceeds from loans	0	59 972	0	0	0	0	0	59 972
Repayment of loans	0	-251 431	0	0	0	0	0	-251 431
Change in overdraft	-15	0	0	0	0	0	0	-15
Payment of lease liabilities	0	0	-26	-21 493	0	0	0	-21 519
Interest paid	0	0	0	0	0	0	-32 827	-32 827
Payment of transaction costs related to loans	0	-4 455	0	0	0	0	0	-4 455
Total changes from financing cash flows	-15	-195 914	-26	-21 493	0	0	-32 827	-250 275
The effect of changes in foreign exchange rates	0	0	2	-31	0	-172	0	-201
Liability-related changes								
New leases	0	0	77	8 917	0	0	0	8 994
Transfer from retained earnings	0	0	0	0	0	2 789	-2 789	0
Transfer from revaluation reserve	0	0	0	0	0	-2 047	2 047	0
Termination of old leases	0	0	-4	-70	0	0	0	-74
Amortisation of capitalised borrowing costs	0	2 394	0	0	0	0	0	2 394
Capitalised borrowing costs	0	1 906	0	0	0	0	0	1 906
Share-based transactions	0	0	0	0	0	123	0	123
Interest paid	0	0	0	0	0	0	32 827	32 827
Total liability-related changes	0	4 300	73	8 847	0	865	32 085	46 170
Total equity-related changes	0	0	0	0	0	0	78 872	78 872
Balance as at 31 December 2023	0	554 713	126	94 418	349 477	67 056	368 558	1 434 348

In thousands of EUR	Bank overdrafts	Long-term bank loans	Lease liabilities	Right-of-use assets' liabilities	Share capital	Reserves	Retained earnings	Total
Balance as at 31 December 2021	180	663 226	116	116 403	349 477	67 930	274 446	1 471 778
Changes from financing cash flows								
Proceeds from loans	0	196 290	0	0	0	0	0	196 290
Repayment of loans	0	-110 055	0	0	0	0	0	-110 055
Change in overdraft	-165	0	0	0	0	0	0	-165
Payment of lease liabilities	0	0	-31	-17 126	0	0	0	-17 157
Interest paid	0	0	0	0	0	0	-23 516	-23 516
Payment of transaction costs related to loans	0	-1 977	0	0	0	0	0	-1 977
Total changes from financing cash flows	-165	84 258	-31	-17 126	0	0	-23 516	43 420
The effect of changes in foreign exchange rates	0	0	-8	-129	0	480	0	343
Liability-related changes								
New leases	0	0	0	8 245	0	0	0	8 245
Transfer from revaluation reserve	0	0	0	0	0	-2 047	2 047	0
Termination of old leases	0	0	0	-298	0	0	0	-298
Amortisation of capitalised borrowing costs	0	1 063	0	0	0	0	0	1 063
Capitalised borrowing costs	0	-2 220	0	0	0	0	0	-2 220
Interest paid	0	0	0	0	0	0	23 516	23 516
Total liability-related changes	0	-1 157	0	7 947	0	-2 047	25 563	30 306
Total equity-related changes	0	0	0	0	0	0	13 935	13 935
Balance as at 31 December 2022	15	746 327	77	107 095	349 477	66 363	290 428	1 559 782

Note 17 Leases

The Group as the Lessee

The Group leases hotel and office buildings and warehouse, restaurant and shop premises. The leases typically run for a fixed period, with the Group's option to renew the lease further. Some lease payments are increased every year and some leases provide for additional lease payments that are based on the result of operations.

Right-of-Use Assets

Right-of-use assets are presented as property, plant and equipment.

In thousands of EUR	**Buildings and premises**	**Plant and equipment**	**Total right-of-use assets**
Book value as at 31 December 2022	95 707	797	96 504
Additions	8 915	2	8 917
Disposals	-76	-2	-78
Depreciation for the period	-17 524	-339	-17 863
Book value as at 31 December 2023	87 022	458	87 480
Book value as at 31 December 2021	108 340	469	108 809
Additions	7 548	697	8 245
Disposals	-184	-38	-222
Depreciation for the period	-19 997	-331	-20 328
Book value as at 31 December 2022	95 707	797	96 504

Amounts Recognised in Profit or Loss

For the year ended 31 December 2023	**In thousands of EUR**
Depreciation for the period	-17 863
Interest expense on lease liabilities related to right-of-use assets	-2 233
Expenses on short-term and low-value leases	-1 520
Lease expenses under IFRS 16	-21 616

For the year ended 31 December 2022	**In thousands of EUR**
Depreciation for the period	-20 328
Interest expense on lease liabilities related to right-of-use assets	-2 390
COVID-19 related lease discounts	62
Expenses on short-term and low-value leases	-1 434
Lease expenses under IFRS 16	-24 090

The Group as the Lessor

The Group's charter income for 2023 was EUR 101 179 thousand (2022: EUR 65 808 thousand).

Minimum non-cancellable charter payments are as follows:

As at 31 December, in thousands of EUR	2023	2022
< 1 year	57 438	74 990
Year 2	96	15 629
Year 3	0	2 640
Total minimum charter payments	57 534	93 259

All charter agreements used by the Group are based on BIMCO Standard Bareboat Charter and BIMCO Time Charter Agreement.

Charter payments for the vessel Isabelle are excluded from the table above from February 2024 onwards due to the sale of the vessel in January 2024.

Note 18 Trade and Other Payables

As at 31 December, in thousands of EUR	2023	2022
Trade payables	33 712	38 309
Other payables	3 521	2 304
Payables to employees	19 430	19 638
Interest payable	2 659	3 527
Tax liabilities	16 920	16 592
Other accruals	9 164	6 564
Total trade and other payables	85 406	86 934

The Group's exposure to currency and liquidity risks (excluding tax liabilities and other accruals) is disclosed in Note 24. Additional information about tax liabilities is disclosed below.

As at 31 December, in thousands of EUR	2023	2022
Salary-related taxes	11 315	11 818
Excise duties	1 866	1 239
VAT	3 734	3 535
Other taxes	5	0
Total tax liabilities	16 920	16 592

Note 19 Deferred Income

The Group measures the liability for outstanding Club One points in combination with the value of its services and the averages of the Club One points used to redeem the services, taking into account the pattern of use of the points by the customers and the expiry rates of the points. The calculations are performed for each segment and the deferred income is recognised based on the relative stand-alone selling price allocation method.

As at 31 December, in thousands of EUR	**2023**	**2022**
Club One points	7 508	7 016
Prepaid revenue[1]	27 280	37 206
Total deferred income	34 788	44 222

[1] Prepaid revenue include prepayments related to chartering out of the vessels during 2024 (2022: during 2023).

Note 20 Share Capital and Reserves

As at 31 December, in thousands	**2023**	**2022**
The number of shares issued and fully paid	743 569	743 569
Total number of shares	743 569	743 569

As at 31 December, in thousands of EUR	**2023**	**2022**
Share capital (authorised and registered)	349 477	349 477
Total share capital	349 477	349 477
Share premium	663	663
Total share premium	663	663

According to the articles of association of the Parent, the maximum number of ordinary shares is 2 400 000 000. Each share grants one vote at the General Meeting of Shareholders. Shares acquired by the transfer of ownership are eligible for participating in and voting at a general meeting only if the ownership change is recorded in the Estonian Central Registry of Securities at the time used to determine the list of shareholders for the given General Meeting of Shareholders.

Ordinary shares grant their holders all the rights provided for under the Estonian Commercial Code – the right to participate in the general meeting, the distribution of profits, and the distribution of residual assets upon the dissolution of the Company; the right to receive information from the Management Board about the activities of the Company; a pre-emptive right to subscribe for new shares in proportion to the sum of the par values of the shares already held when share capital is increased, etc.

AS Tallink Grupp has 743 569 064 registered shares (31 December 2022: 743 569 064) without nominal value and the notional value of each share is EUR 0.47 (31 December 2022: EUR 0.47).

Reserves

As at 31 December, in thousands of EUR	2023	2022
Translation reserve	668	840
Ships' revaluation reserve	31 317	33 364
Legal reserve	34 948	32 159
Share option programme reserve (Note 21)	123	0
Total reserves	67 056	66 363

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Ships' Revaluation Reserve

The revaluation reserve is related to the revaluation of ships. The ships' revaluation reserve may be transferred directly to retained earnings when the ship is disposed of. However, some of the revaluation surplus may be transferred when the ship is used by the Group. In such a case, the amount of surplus transferred is the difference between depreciation based on the revalued carrying amount of the ship and depreciation based on the original cost of the ship. The Group uses the latter alternative.

Legal Reserve

The legal reserve has been formed in accordance with the Estonian Commercial Code. The legal reserve is formed by means of yearly net profit transfers. At least 1/20 of net profit must be transferred to the legal reserve, until the reserve amounts to 1/10 of share capital. The legal reserve may be used to cover losses and to increase share capital but it may not be used to make distributions to owners.

Share Option Programme Reserve

The share option programme reserve comprises the fair value of the share option programme measured at the grant date.

Income Tax on Dividends

The Group's retained earnings as at 31 December 2023 were EUR 368 558 thousand (2022: EUR 290 428 thousand). As at 31 December 2023, the maximum income tax liability which would arise if retained earnings were fully distributed is EUR 73 712 thousand (2022: EUR 58 086 thousand). The maximum income tax liability has been calculated using the income tax rate effective for dividends on the assumption that the dividend and the related income tax expense cannot exceed the amount of retained earnings as at 31 December 2023 (2022: 31 December 2022).

Note 21 Share Option Programme

On 13 June 2023, the Group's General Meeting of Shareholders adopted a resolution to approve a 3-year share option programme, subject to which the Group has the right to issue share options for the acquisition of shares, which represent a total of up to 3% of AS Tallink Grupp's share capital (maximum 1% of share capital annually).

On 1 August 2023, the Group issued 7 270 thousand share options of which 3 300 thousand were issued to the members of the Management Board and Supervisory Board and 3 970 thousand to the key employees of the Group. As at 31 December 2023, the effective number of share options was 7 210 thousand. Each option entitles the holder to acquire one share of AS Tallink Grupp at a price equal to the notional value of the share at the time of exercise of the share option.

The share options are non-transferable with a vesting period of three years from issuing of the share options. The exercise of share options is carried out by increasing the share capital of AS Tallink Grupp and issuing of new shares, which is decided by the General Meeting of Shareholders of AS Tallink Grupp or by the Supervisory Board of AS Tallink Grupp on the basis of the Articles of Association.

The fair value of the share options is measured using the Black-Scholes model at the grant date and is recorded as an expense during the vesting period of 36 months from August 2023. The cost of share options issued amounted to EUR 123 thousand in 2023.

The outstanding share options have a diluting effect due to their exercise price being lower than average price in the stock market during the reporting period, see also Note 7.

The inputs used in the measurement of the fair values at the grant date were as follows:

	Management and Supervisory Board Members 2023	Key employees 2023
Fair value at grant date	0.1226	0.1226
Share price at grant date	0.65	0.65
Exercise price	0.47	0.47
Expected volatility (weighted average)	23.00%	23.00%
Expected life (weighted average), years	3	3
Expected dividends	7.70%	7.70%
Risk-free interest rate	2.62%	2.62%

The number and weighted-average exercise prices of share options under the share option programme were as follows:

In EUR	Number of options	Weighted average exercise price
Outstanding at 01 January 2023	0	0
Forfeited during the year	-60	0.47
Granted during the year	7 270	0.47
Outstanding at 31 December 2023	7 210	0

Note 22 Related Party Disclosures

For the purpose of these financial statements, parties are related if one controls the other or has significant influence on the other's financing and operating decisions. In determining possible related party relationships, attention must be paid to the substance of the relationship and not merely the legal form.

A related party is a person or a company that is related to the Group to such an extent that transactions between them may be conducted on terms not equivalent to those that prevail in arm's length transactions.

A person or a close member of that person's family (i.e. a family member who may be associated with significant influence such as the spouse or the domestic partner or a child) is a related party for the company if that person:

- is a member of the management of the company or its parent company (i.e. a person having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly) or
- has control of or significant influence over the company (e.g. through an ownership interest)

Another company is a related party for the company if any of the following conditions apply:

- the other company and the company are under common control (i.e. they are members of the same group or controlled by the same person (or a close family member of that person))
- one is under the control of a third party (that may be a company or a person) and the other is under the significant influence of that third party (if the third party is a person, then that person or a close family member of that person)
- the other company has control of or significant influence over the company
- the other company is under the control or significant influence of the company
- a member of the management of the company's parent company (or a close family member of the member of the management) has control or significant influence over the other company
- the other company's management (or their close family members) include persons that have control of or significant influence over the company

The Group has conducted transactions with related parties and has outstanding balances with related parties.

For the year ended 31 December 2023, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Companies controlled by the Key Management Personnel	733	33 595	28	80 094
Associated companies	22	149	2	13
Total	755	33 744	30	80 107

For the year ended 31 December 2022, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Companies controlled by the Key Management Personnel	823	22 912	43	94 005
Associated companies	9	142	0	14
Total	832	23 054	43	94 019

The following goods and services were purchased from related parties:

For the year ended 31 December, in thousands of EUR	2023	2022
Leases	16 288	15 815
Fuel and electricity	15 735	5 185
Other goods and services	1 721	2 054
Total goods and services	33 744	23 054

Key Management Personnel's Compensation

AS Tallink Grupp members of the Management Board and members of the Supervisory Board are defined as the Key Management Personnel. In 2023, the Key Management Personnel's compensation was EUR 1 517 thousand (2022: EUR 1 600 thousand).

On 1 August 2023, the Group issued 7 270 thousand share options of which 3 300 thousand were issued to the members of the Management Board and Supervisory Board. Each option entitles the holder to acquire one share of AS Tallink Grupp at a price equal to the notional value of the share at the time of exercise of the share option. These non-transferable options have a vesting period of three years from issuing date (Note 21).

The members of the Management Board are entitled to termination benefits if their service agreement is terminated by the Group's Supervisory Board. At 31 December 2023 the maximum amount of such benefits was EUR 1 842 thousand (2022: EUR 1 461 thousand).

The Key Management personnel's benefits are presented without social security tax.

Note 23 Group Entities

Group entities	Interest as at 31 December 2023	Interest as at 31 December 2022	Country of incorporation	Parent company
Baan Thai OÜ	100%	100%	Estonia	Tallink Grupp AS
Hansaliin OÜ	100%	100%	Estonia	Tallink Grupp AS
Hansatee Kinnisvara OÜ	100%	100%	Estonia	Tallink Grupp AS
Hera Salongid OÜ	100%	100%	Estonia	TLG Hotell OÜ
HT Laevateenindus OÜ	100%	100%	Estonia	Tallink Grupp AS
HT Meelelahutus OÜ	100%	100%	Estonia	Tallink Grupp AS
LNG Shipmanagement OÜ	100%	100%	Estonia	Tallink Grupp AS
Mare Catering OÜ	100%	100%	Estonia	Tallink Grupp AS
Tallink AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Baltic AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Duty Free AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Fast Food OÜ	100%	100%	Estonia	Tallink Grupp AS
Tallink Scandinavian AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Travel Club OÜ	100%	100%	Estonia	Tallink Grupp AS
TLG Hotell OÜ	100%	100%	Estonia	Tallink Grupp AS
TLG Stividor OÜ	100%	100%	Estonia	Tallink Grupp AS
Baltic SF VII Ltd	100%	100%	Cyprus	Tallink Grupp AS
Baltic SF VIII Ltd	100%	100%	Cyprus	Tallink Grupp AS
Baltic SF IX Ltd	100%	100%	Cyprus	Tallink Grupp AS
Hansalink Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Autoexpress Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Fast Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Hansaway Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink High Speed Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Sea Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Superfast Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Victory Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallinn - Helsinki Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallinn Swedish Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
HTG Stevedoring OY	100%	100%	Finland	Tallink Grupp AS
Tallink Silja OY	100%	100%	Finland	Tallink Scandinavian AS
Sally AB	100%	100%	Finland	Tallink Silja OY
Tallink Silja GMBH	100%	100%	Germany	Tallink Silja OY
Tallink Latvija AS	100%	100%	Latvia	Tallink Grupp AS
BK Properties SIA	100%	100%	Latvia	Tallink Latvija AS
HT Shipmanagement SIA	100%	100%	Latvia	HT Laevateenindus OÜ
TLG Hotell Latvija SIA	100%	100%	Latvia	TLG Hotell OÜ
Tallink Fast Food Latvia SIA	100%	100%	Latvia	Tallink Fast Food OÜ
Tallink Fast Food Lithuania UAB	100%	100%	Lithuania	Tallink Fast Food OÜ
Tallink-Ru OOO[1]	100%	100%	Russia	Tallink Grupp AS
Tallink Asia Pte. Ltd	100%	100%	Singapore	Tallink Grupp AS
Tallink Silja AB	100%	100%	Sweden	Tallink Grupp AS
Ingleby (1699) Ltd.	100%	100%	UK	Tallink Grupp AS

[1] Dormant.

Note 24 Financial Risk Management

Overview

Through the use of financial instruments the Group is exposed to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management.

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's financial department is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit Risk

Credit risk is the risk of financial loss that the Group would suffer if the counterparty failed to perform its financial obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents. The credit risk concentration related to accounts receivable is not material due to the extensive number of customers.

Maximum credit risk was as follows:

As at 31 December, in thousands of EUR	2023	2022
Cash and cash equivalents (Note 8)	41 921	114 935
Trade and other receivables (Notes 9, 13)	19 231	22 589
Total	61 152	137 524

The Group's credit risk exposure from trade receivables is mainly influenced by the characteristics of each customer. In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, whether they are travel agents or customers with credit limits, and considering their geographic location, receivable aging profile, and existence of previous financial difficulties. Trade receivables relate mainly to the Group's cargo customers, travel agents and customers with credit facilities. The credit risk concentration related to trade receivables is reduced by the high number of customers.

The Group's management has established a credit policy under which each new customer with a credit request is analysed individually for creditworthiness before the Group's payment terms and conditions are offered. Some customers are obliged to present a bank guarantee to meet the credit sale criteria. Customers are assigned credit limits, which represent the maximum exposure that does not require approval from the Group's management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis only. Charterers hiring the Group's vessels have to provide bank guarantees to cover their payment risk.

In accordance with IFRS 9 the Group measures an allowance for impairment of receivables at an amount of lifetime expected credit loss. Lifetime expected credit loss is calculated as a product of total trade receivables in the aging bucket and the respective credit loss ratio. The expected credit loss ratio is recalculated once a quarter based on actual write-offs during the last 12 quarters.

In thousands of EUR	2023	2022
Balance at 1 January	481	468
Amounts written off	-17	-127
Impairment loss recognised	71	153
Reversal of prior period impairment loss	-1	-13
Balance at 31 December	534	481

The aging of the receivables at the reporting date was:

As at 31 December 2023, in thousands of EUR	Gross	Impairment	Net
Not past due	16 866	-114	16 752
Past due 0-30 days	2 283	-41	2 242
Past due 31-90 days	274	-46	228
Past due 91 days - one year	69	-60	9
Past due over one year	273	-273	0
Total	19 765	-534	19 231

As at 31 December 2022, in thousands of EUR	Gross	Impairment	Net
Not past due	20 579	-116	20 463
Past due 0-30 days	1 923	-34	1 889
Past due 31-90 days	222	-14	208
Past due 91 days - one year	121	-93	28
Past due over one year	225	-224	1
Total	23 070	-481	22 589

The Group holds cash and cash equivalents with banking groups that have investment grade credit ratings (BBB or higher issued by internationally recognised credit rating agencies).

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group's low current ratio represents the normal course of business. The majority of sales are conducted by prepayment, bank card or cash payment, therefore the cash conversion cycle is negative and in general the Group receives cash from sales before it has to pay to its vendors. As at 31 December 2023 current liabilities exceeded current assets by EUR 101 355 thousand (EUR 100 550 thousand at 31 December 2022).

The Group's objective is to maintain a balance between the continuity and flexibility of funding through the use of bank overdrafts, bank loans and bonds. The Group has established Group account systems (the Group's cash pools) in Estonia and Finland to manage the cash flows in the Group as efficiently as possible. Excess liquidity is invested in short-term money market instruments. AS Tallink Grupp maintains three committed bank overdraft facilities to minimise the Group's liquidity risk (see Note 16 for details).

At 31 December 2023, the Group's cash and cash equivalents totalled EUR 41 921 thousand (EUR 114 935 thousand at 31 December 2022). In addition, the Group had available unused overdraft credit lines of EUR 75 000 thousand (2022: EUR 134 985 thousand).

In the loan agreements signed with banks, the Group has agreed to comply with financial covenants related to ensuring certain equity, liquidity and other ratios.

In management's opinion, the Group has sufficient liquidity to support its operations. AS Tallink Grupp and its subsidiaries are able to continue as going concerns for at least one year after the date of approval of these consolidated financial statements.

The following tables illustrate liquidity risk by periods when financial liabilities as at 31 December will fall due or may fall due based on contractual cash flows.

In thousands of EUR, 2023	**< 1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Non-derivative financial liabilities					
Lease liabilities	-68	-58	0	0	-126
Lease liabilities related to right-of-use assets	-18 136	-18 322	-38 142	-19 818	-94 418
Trade and other payables	-59 322	0	0	0	-59 322
Secured bank loan repayments	-87 045	-87 045	-282 365	-105 811	-562 265
Interest payments[1]	-23 520	-17 438	-29 226	-8 110	-78 295
Total	-188 091	-122 863	-349 733	-133 740	-794 427

In thousands of EUR, 2022	**< 1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Non-derivative financial liabilities					
Overdraft	-15	0	0	0	-15
Lease liabilities	-68	-10	0	0	-78
Lease liabilities related to right-of-use assets	-20 958	-16 296	-41 999	-27 842	-107 095
Trade and other payables	-63 778	0	0	0	-63 778
Secured bank loan repayments	-145 521	-201 722	-248 326	-156 249	-751 818
Interest payments[1]	-27 512	-21 523	-21 533	-11 990	-82 558
Total	-257 852	-239 551	-311 858	-196 081	-1 005 342

[1] Expected, based on the interest rates and interest rate forward curves

Guarantees issued are not recognised in the statement of financial position as, according to historical experience and management's estimations, none of them has turned into an actual liability.

Market Risk

Market risk is the risk that changes in market prices, such as fuel price, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of financial instruments held. Market risk is highly impacted also by the global geopolitical uncertainty. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign Exchange Rate Risk

The Group is exposed to exchange rate risk arising from revenues, operating expenses and liabilities in foreign currencies, mainly in the US dollar (USD) and the Swedish krona (SEK). Exposure to USD results from the purchase of ship fuel and insurance and exposure to SEK arises from the fact that it is the operational currency on some routes.

The Group seeks to minimise currency risk by matching foreign currency inflows with outflows.

The following tables present the Group's financial instruments by currency denomination:

In thousands of EUR, 2023	**EUR**	**USD**	**SEK**	**Other**	**Total**
Cash and cash equivalents	34 814	215	6 801	91	41 921
Trade receivables, net of allowance	16 992	0	470	18	17 480
Other financial assets	1 664	0	57	30	1 751
Total	53 470	215	7 328	139	61 152
Current portion of borrowings	-103 021	0	-1 076	0	-104 097
Trade payables	-34 932	-201	-1 853	-216	-37 202
Other current payables	-27 366	0	-3 922	-2	-31 290
Non-current portion of borrowings and other liabilities	-544 051	0	-1 109	0	-545 160
Total	-709 370	-201	-7 960	-218	-717 749
Net, EUR	-655 900	14	-632	-79	-656 597

In thousands of EUR, 2022	**EUR**	**USD**	**SEK**	**Other**	**Total**
Cash and cash equivalents	108 335	160	6 334	106	114 935
Trade receivables, net of allowance	19 316	0	610	20	19 946
Other financial assets	1 896	50	658	39	2 643
Total	129 547	210	7 602	165	137 524
Current portion of borrowings	-164 061	0	-988	0	-165 049
Trade payables	-38 181	-172	-2 049	-205	-40 607
Other current payables	-25 156	0	-4 583	-2	-29 741
Non-current portion of borrowings and other liabilities	-688 277	0	-188	0	-688 465
Total	-915 675	-172	-7 808	-207	-923 862
Net, EUR	-786 128	38	-206	-42	-786 338

A 10% strengthening of the euro against the following currencies at the end of the financial year would have increased (decreased) profit or loss and equity by the amounts shown below. This sensitivity analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2022.

As at 31 December, in thousands of EUR	**2023 Profit or loss**	**2022 Profit or loss**
USD	-1	-4
SEK	63	21
NOK	0	0
Other	8	4

Interest Rate Risk

The Group is exposed to interest rate risk through funding and cash management activities. The interest rate risk – the possibility that fluctuations in interest rates can have a significant impact on the profitability and cash flows of the Group – results mainly from long term floating rate bank loans.

At the reporting date the interest rate profile of the Group's interest-bearing financial liabilities was as follows:

As at 31 December, in thousands of EUR	2023	2022
Fixed rate financial liabilities	243 825	294 665
Variable rate financial liabilities	311 014	451 739
Total	554 839	746 404

The Group's floating rate loan commitments are mainly based on EURIBOR rates. During 2023, 6-month EURIBOR increased from 2.732% on 2 January 2023 to 3.861% on 2 January 2024. At the end of February 2024, 6-month EURIBOR had crossed the 3.9% mark.

A change of 10 basis points in the interest rates of interest-bearing financial liabilities at the reporting date would have increased (decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2022.

In thousands of EUR	2023	2022
10 basis point increase	-311	-452
10 basis point decrease	311	452

When analysing interest rate risks, various hedging options are considered, including refinancing floating rate loan commitments with fixed rate loan commitments. The management of the Group has assessed the interest rate risks related to the assets and liabilities of the Group and concluded that there are no material risks to outline.

Fair Values of Financial Instruments

All financial assets and liabilities are measured at amortised cost excluding derivatives, which are measured at fair value.

According to the assessment of the Group's management, as at 31 December 2023 and 31 December 2022 the fair values of assets and liabilities measured at amortised cost did not differ materially from their carrying amounts.

Capital Management

The Group considers total shareholders' equity as capital. As at 31 December 2023 the shareholders' equity was EUR 785 754 thousand (2022: EUR 706 931 thousand). The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business.

The Group has made significant investments in recent years where strong shareholders' equity has been a major supporting factor for the investments. The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

At the General Meeting of Shareholders held on 8 February 2011, management introduced the strategic target of reaching the optimal debt level which would allow the Group to start paying dividends. In management's opinion, a comfortable level for the Group's equity ratio is between 40% and 50% and for the net debt to EBITDA ratio an indicator below 5. As at 31 December 2023 the Group's equity ratio was 50.5% and the net debt to EBITDA ratio was 2.8 (2022: 41.8% and 5.4, respectively).

Management will propose to the General Meeting of Shareholders to pay a dividend of EUR 0.06 per share in 2024 for the results for 2023 (2023: not to pay a dividend from the results for 2022).

The Group may purchase its own shares from the market; the timing of these purchases may depend on market prices, the Group's liquidity position and business outlook. Additionally, legal factors may limit the timing of such decisions. Repurchased shares are intended to be cancelled. Currently the Group does not have a defined share buyback plan.

Note 25 Subsequent Events

Sale of MS Isabelle

In January 2024, the subsidiary of AS Tallink Grupp, Hansalink Ltd, signed a sales-purchase agreement with the Cypriot company Notamare Shipping Company Limited for the sale of the cruise vessel Isabelle.

Note 26 Primary Financial Statements of the Parent

Statement of profit or loss and other comprehensive income

For the year ended 31 December, in thousands of EUR	2023	2022
Revenue	429 692	379 788
Cost of sales	-336 880	-325 056
Gross profit	92 812	54 732
Sales and marketing expenses	-27 189	-24 400
Administrative expenses	-30 176	-25 935
Impairment loss on receivables	-45	-95
Other operating income	1 055	6 939
Other operating expenses	-23	-107
Result from operating activities	36 434	11 134
Finance income	32 285	15 230
Finance costs	-34 506	-24 296
Share of profit of subsidiaries	13 800	24 900
Share of loss of equity-accounted investees	-75	-90
Profit before income tax	47 938	26 878
Income tax	1 180	1 186
Net profit for the year	49 118	28 064

Statement of Financial Position

As at 31 December, in thousands of EUR	2023	2022
ASSETS		
Cash and cash equivalents	3 095	2 014
Receivables from subsidiaries	112 907	118 693
Receivables and prepayments	17 760	17 829
Inventories	12 921	9 983
Current assets	146 683	148 519
Investments in subsidiaries	732 177	718 677
Receivables from subsidiaries	567 443	580 129
Investments in equity-accounted investees	0	75
Other financial assets and prepayments	4 329	3 148
Property, plant and equipment	488 125	548 602
Intangible assets	7 288	8 521
Non-current assets	1 799 362	1 859 152
TOTAL ASSETS	1 946 045	2 007 671
LIABILITIES AND EQUITY		
Interest-bearing loans and borrowings	173 568	208 057
Payables and deferred income	83 610	84 936
Dividends payable to shareholders	6	6
Tax liabilities	4 476	4 310
Current liabilities	261 660	297 309
Interest-bearing loans and borrowings	686 441	761 659
Non-current liabilities	686 441	761 659
Total liabilities	948 101	1 058 968
Share capital	349 477	349 477
Share premium	663	663
Reserves	35 071	32 159
Retained earnings	612 733	566 404
Equity	997 944	948 703
TOTAL LIABILITIES AND EQUITY	1 946 045	2 007 671

Statement of Cash Flows

For the year ended 31 December, in thousands of EUR	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	49 118	28 064
Adjustment for:		
Depreciation and amortisation	71 771	57 832
Net gain/loss on disposals of property, plant and equipment and intangible assets	9	-15
Net interest expense	2 164	8 773
Income from subsidiaries	-13 800	-24 810
Income tax	-1 180	-1 186
Other adjustments	198	0
Adjustments	59 162	40 594
Changes in:		
Receivables and prepayments related to operating activities	738	12 117
Inventories	-2 938	-998
Liabilities related to operating activities	6 773	17 739
Changes in assets and liabilities	4 573	28 858
Cash generated from operating activities	112 853	97 516
NET CASH FROM OPERATING ACTIVITIES	112 853	97 516
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment and intangible assets	-7 408	-7 925
Proceeds from disposals of property, plant and equipment	29	0
Increase in share capital of subsidiaries	-16 000	-3 000
Loans granted to subsidiaries	-43 698	-39 660
Repayments of loans granted	59 290	54 430
Dividends received from subsidiaries	11 900	22 700
Interest received	28 186	13 139
NET CASH USED IN INVESTING ACTIVITIES	32 299	39 684
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	59 972	0
Proceeds from loans from subsidiaries	19 000	23 600
Repayment of loans	-109 509	-73 885
Repayment of loans to subsidiaries	-14 200	-16 100
Change in overdraft	-2 848	949
Payment of lease liabilities	-62 343	-48 542
Interest paid	-30 800	-22 883
Payment of transaction costs related to loans	-3 343	-1 117
Issue of shares	0	0
NET CASH USED IN/FROM FINANCING ACTIVITIES	-144 071	-137 978
NET CASH FLOW	1 081	-778
Cash and cash equivalents at the beginning of period	2 014	2 792
Change	1 081	-778
Cash and cash equivalents at the end of period	3 095	2 014

Statement of Changes in Equity

In thousands of EUR	Share capital	Share premium	Mandatory legal reserve	Share option programme reserve	Retained earnings	Total equity
As at 31 December 2022	349 477	663	32 159	0	566 404	948 703
Net profit for 2023	0	0	0	0	49 118	49 118
Transfer from profit for 2022	0	0	2 789	0	-2 789	0
Share-based payment transactions	0	0	0	123	0	123
Total transactions with owners of the Company recognised directly in equity	0	0	0	123	0	123
As at 31 December 2023	349 477	663	34 948	123	612 733	997 944
As at 31 December 2021	349 477	663	32 159	0	538 340	920 639
Net profit for 2022	0	0	0	0	28 064	28 064
As at 31 December 2022	349 477	663	32 159	0	566 404	948 703

In thousands of EUR	2023	2022
Unconsolidated equity at 31 December	997 944	948 703
Interests under control and significant influence:		
Carrying amount	-732 177	-718 752
Value under the equity method	519 987	476 980
Adjusted unconsolidated equity at 31 December	785 754	706 931

STATEMENT BY THE MANAGEMENT BOARD

We hereby take responsibility for the preparation of the consolidated financial statements of AS Tallink Grupp (in the consolidated financial statements referred to as "the Parent") and its subsidiaries (together referred to as "the Group").

The Management Board confirms that:

- The consolidated financial statements are in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
- The consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Parent.
- AS Tallink Grupp and its subsidiaries are able to continue as going concerns for at least one year after the date of approval of these consolidated financial statements.

Paavo Nõgene
Chairman of the Management Board

Elise Nassar
Member of the Management Board

Harri Hanschmidt
Member of the Management Board

Piret Mürk-Dubout
Member of the Management Board

Margus Schults
Member of the Management Board

28 March 2024

This audited annual report has been signed digitally.

Independent auditors’ report

To the Shareholders of Aktsiaselts Tallink Grupp

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aktsiaselts Tallink Grupp and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of ships	
Refer to notes 14 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group's property, plant and equipment include ships, which are measured at revalued amounts (i.e. fair value less depreciation charged subsequent to the date of the revaluation). The carrying value of the Group's ships as at 31 December 2023 was EUR 1 238 149 thousand. The fair value of ships depends on many factors, including changes in the fleet composition, current and forecast market values and technical factors	Our audit procedures in this area included, among others: ☐ assessing the methodologies used by the external appraisers to estimate the fair values of the ships; ☐ evaluating the independent external appraisers’ competence, capabilities and objectivity; ☐ evaluating the historical accuracy of the Group’s assessment of the fair values of the ships by comparing them to transaction prices in prior years;

which may affect the useful life expectancy of the assets and therefore could have a material impact on any impairment charges or the depreciation charge for the year. In order to assess the fair value of the ships, the Group's management used independent appraisers. We have identified the carrying value of ships as a key audit matter because of its significance to the consolidated financial statements and because applying the Group's accounting policies in this area involves a significant degree of judgement by management in considering the nature, timing and likelihood of changes to the factors noted above which may affect both the carrying value of the Group's ships as well the depreciation charge for the current year and future years.	- testing the adequacy of the capitalized expenditures of the ships; - analysing the estimates of useful lives and residual values and comparing them to published estimates of other international ship operators; and - assessing the adequacy of the consolidated financial statement disclosures.

Recognition of deferred tax assets

Refer to Notes 6 to the consolidated financial statements.

The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2023 the Group has recognised deferred tax assets of EUR 23 292 thousand for deductible temporary differences and unused tax losses that it believes are recoverable. The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses (before the latter expire). We have determined this to be a key audit matter, due to the inherent uncertainty of forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	Our audit procedures in this area included, among others: - evaluating the Group's process to prepare the deferred tax calculation, including the Group's budgeting procedures upon which the forecasts are based; - using our own tax specialists to evaluate the tax strategies the Group expects will enable the successful recovery of the recognised deferred tax assets; - assessing the accuracy of forecast future taxable profits by evaluating the historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans; and - evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Impairment assessment of right-of-use assets

Refer to Notes 14 to the consolidated financial statements.

The key audit matter	**How the matter was addressed in our audit**
The Group's property, plant and equipment include right-of-use assets related to hotels located in Estonia and Latvia (buildings and premises), which at 31 December 2023 amounted to EUR 57 783 thousand and which management has assessed for impairment. The recoverable amounts of the assets were found using the discounted cash flow method. The Group carries out impairment testing on the basis of budgets and forecasts prepared for the lease	Our audit procedures in this area included, among others: - reviewing the significant assumptions applied by management in forecasting cash flows, such as projected revenues and expenses; - comparing the inputs used in impairment testing with the approved business plan and detailed budgets; - evaluating the reasonability of the discount rate applied in the impairment assessment; and - assessing the adequacy of the consolidated financial statement disclosures.

term. The impairment tests performed did not indicate a need to recognise an impairment loss. We determined the impairment assessment of right-of-use assets to be a key audit matter because it requires management to make significant judgements about the assumptions applied in estimating the recoverable amounts of right-of-use assets.	

Other Information

Management is responsible for the other information. The other information comprises the information included in the group and strategy description, the management report, the letter to shareholders, the corporate governance report and the remuneration report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements. With respect to the remuneration report, our responsibility also includes considering whether the remuneration report has been prepared in accordance with the requirements of Article 135^3 (3) of the Securities Market Act.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

In our opinion, the remuneration report has been prepared in accordance with the requirements of Article 135^3 (3) of the Securities Market Act.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with the Requirements for iXBRL tagging of Consolidated Financial Statements included within the European Single Electronic Format Regulatory Technical Standard (ESEF RTS)

We have undertaken a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 529900QRMWAKKR3L9W75-2023-12-31-en.zip prepared by Aktsiaselts Tallink Grupp.

Responsibilities of Management for the Digital Files Prepared in Compliance with the ESEF RTS

Management is responsible for preparing digital files that comply with the ESEF RTS. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained.

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the tagging and the ESEF RTS, including of internal control over the tagging process relevant to the engagement;
- reconciling the tagged data with the audited consolidated financial statements of the Group dated 31 December 2023;
- evaluating the completeness of the tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements included in the annual report of Aktsiaselts Tallink Grupp identified as 529900QRMWAKKR3L9W75-2023-12-31-en.zip for the year ended 31 December 2023 are tagged, in all material respects, in compliance with the ESEF RTS.

Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

We were appointed by those charged with governance on 13 June 2023 to audit the consolidated financial statements of Aktsiaselts Tallink Grupp for the years ending from 31 December 2023 to 31 December 2025. Our total uninterrupted period of engagement is 16 years, covering the periods ending 31 August 2007 to 31 December 2023.

We confirm that:

– our audit opinion is consistent with the additional report presented to the Audit Committee of the Group;

– we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 28 March 2024

/signed electronically/

Andris Jegers

Certified Public Accountant
Licence No 171

/signed electronically/

Lembi Uett

Certified Public Accountant,
Licence No 566

KPMG Baltics OÜ
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ALTERNATIVE PERFORMANCE MEASURES

AS Tallink Grupp presents certain performance measures as key figures, which in accordance with the "Alternative Performance Measures" guidance by the European Securities and Markets Authority (ESMA) are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in IFRS, but which are instead non-financial measures and alternative performance measures (APMs).

The non-financial measures and APMs provide the management, investors, securities analysts and other parties with significant additional information related to the Group's results of operations, financial position or cash flows and are often used by analysts, investors and other parties.

The non-financial measures and APMs should not be considered in isolation or as a substitute to the measures under IFRS. The APMs are unaudited.

Calculation Formulas of Alternative Performance Measures

EBITDA: result from operating activities before net financial items, share of profit or loss of equity-accounted investees, taxes, depreciation and amortisation

EBIT: result from operating activities

Earnings per share: net profit or loss / weighted average number of shares outstanding

Equity ratio: total equity / total assets

Shareholder's equity per share: shareholder's equity / number of shares outstanding

Gross margin: gross profit or loss / net sales

EBITDA margin: EBITDA / net sales

EBIT margin: EBIT / net sales

Net profit margin: net profit or loss / net sales

Capital expenditure: additions to property, plant and equipment – additions to right-of-use assets + additions to intangible assets

ROA: earnings before net financial items, taxes 12 months trailing / average total assets

ROE: net profit or loss 12 months trailing / average shareholders' equity

ROCE: earnings before net financial items, taxes 12 months trailing / (total assets – current liabilities (average for the period))

Net debt: interest-bearing liabilities less cash and cash equivalents

Net debt to EBITDA: net debt / EBITDA 12 months trailing

Current ratio: current assets / current liabilities

Reconciliations of Certain Alternative Performance Measures

In thousands of EUR	2023	2022	2021
Depreciation	94 635	91 216	88 375
Amortisation	6 589	6 920	6 938
Depreciation and amortisation	101 224	98 136	95 313
Result from operating activities	113 304	37 673	-37 031
Depreciation and amortisation	101 224	98 136	95 313
EBITDA	214 528	135 809	58 282
EBITDA	214 528	135 809	58 282
IFRS 16 adoption effect	-20 096	-22 718	-19 669
Adjusted EBITDA	194 432	113 091	38 613
Additions to property, plant and equipment	25 710	200 795	17 434
Additions to intangible assets	2 498	2 527	2 783
Capital expenditures	28 208	203 322	20 217
Net profit/loss	78 872	13 935	-56 576
Weighted average number of shares outstanding	743 569 064	743 569 064	694 444 381
Earnings/loss per share (EUR)	0.106	0.019	-0.081
Lease liabilities	126	77	116
Lease liabilities related to right-of-use assets	94 418	107 095	116 403
Overdraft	0	15	180
Long-term bank loans	554 713	746 327	663 226
Interest-bearing liabilities	649 257	853 514	779 925
Total equity	785 754	706 931	692 516
Total assets	1 555 221	1 691 642	1 585 915
Equity ratio (%)	50.5%	41.8%	43.7%
Equity attributable to equity holders of the Parent	785 754	706 931	692 516
Number of ordinary shares outstanding	743 569 064	743 569 064	743 569 064
Shareholders' equity per share (EUR)	1.06	0.95	0.93
Gross profit/loss	203 834	113 470	21 655
Net sales	835 325	771 387	476 937
Gross margin (%)	24.4%	14.7%	4.5%
EBITDA	214 528	135 809	58 282
Net sales	835 325	771 387	476 937
EBITDA margin (%)	25.7%	17.6%	12.2%
Adjusted EBITDA	194 432	113 091	38 613
Net sales	835 325	771 387	476 937
Adjusted EBITDA margin (%)	23.3%	14.7%	8.1%
EBIT	113 304	37 673	-37 031
Net sales	835 325	771 387	476 937
EBIT margin (%)	13.6%	4.9%	-7.8%
Net profit/loss	78 872	13 935	-56 576
Net sales	835 325	771 387	476 937
Net profit/loss margin (%)	9.4%	1.8%	-11.9%

In thousands of EUR	2023	2022	2021
Result from operating activities 12-months trailing	113 304	37 673	-37 031
Total assets 31 December (previous year)	1 691 642	1 585 915	1 516 201
Total assets 31 March	1 672 052	1 560 167	1 492 507
Total assets 30 June	1 613 646	1 550 110	1 524 741
Total assets 30 September	1 597 395	1 535 300	1 616 656
Total assets 31 December	1 555 221	1 691 642	1 585 915
Average assets	1 625 991	1 584 627	1 547 204
ROA (%)	7.0%	2.4%	-2.4%
Net profit/loss 12-months trailing	78 872	13 935	-56 576
Total equity 31 December (previous year)	706 931	692 516	714 336
Total equity 31 March	701 581	652 526	680 079
Total equity 30 June	735 229	652 304	655 682
Total equity 30 September	783 717	690 219	695 867
Total equity 31 December	785 754	706 931	692 516
Average equity	742 642	678 899	687 696
ROE (%)	10.6%	2.1%	-8.2%
Result from operating activities 12-months trailing	113 304	37 673	-37 031
Total assets 31 December (previous year)	1 691 642	1 585 915	1 516 201
Total assets 31 March	1 672 052	1 560 167	1 492 507
Total assets 30 June	1 613 646	1 550 110	1 524 741
Total assets 30 September	1 597 395	1 535 300	1 616 656
Total assets 31 December	1 555 221	1 691 642	1 585 915
Current liabilities 31 December (previous year)	296 246	357 910	208 347
Current liabilities 31 March	308 623	390 345	233 651
Current liabilities 30 June	325 820	405 694	218 923
Current liabilities 30 September	255 019	383 316	207 183
Current liabilities 31 December	224 307	296 246	357 910
Total assets - current liabilities 31 December (previous year)	1 395 396	1 228 005	1 307 854
Total assets - current liabilities 31 March	1 363 429	1 169 822	1 258 856
Total assets - current liabilities 30 June	1 287 826	1 144 416	1 305 818
Total assets - current liabilities 30 September	1 342 376	1 151 984	1 409 473
Total assets - current liabilities 31 December	1 330 914	1 395 396	1 228 005
Average assets - current liabilities	1 343 988	1 217 925	1 302 001
ROCE (%)	8.4%	3.1%	-2.8%
Interest-bearing liabilities	649 257	853 514	779 925
Cash and cash equivalents	41 921	114 935	127 556
Net debt	607 336	738 579	652 369
Net debt	607 336	738 579	652 369
Depreciation	94 635	91 216	88 375
Amortisation	6 589	6 920	6 938
Depreciation and amortisation	101 224	98 136	95 313
EBITDA	214 528	135 809	58 282
Net debt to EBITDA	2.8	5.4	11.2
Current assets	122 952	195 696	203 409
Current liabilities	224 307	296 246	357 910
Current ratio	0.5	0.7	0.6

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